The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

May 20, 1939

U. S. FOREIGN TRADE WEEK NUMBER

Some Elements and Principles in U.S.-China Trade
An Editorial

★

America's Far Eastern Stake
By Denna Frank Fleming

★

American Trade in Hankow Now Paralyzed
By Observer

★

Moral Rearmament and the Far Eastern Problem
By Margaret Hicks Williams

America's Trade With Japan
An Editorial

★

Is America's Trade Valuable Enough to Rate Defense?
By John Ahlers

★

China's Refugee Millions Call for Aid
By Agnes Smedley

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Axis Suffers Setbacks in the West and the East

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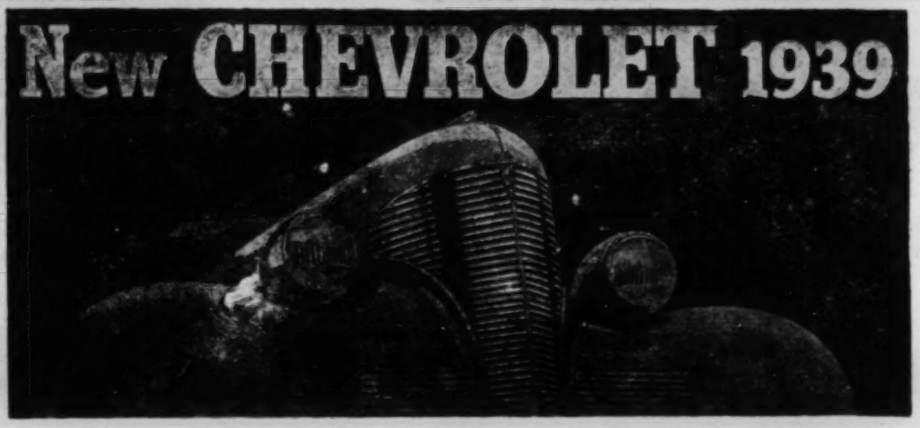

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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

SHANGHAI AND EUROPE

To the Editor:

Mr. John Ahlers' article on "What Would Happen in Shanghai if War Broke Out in Europe," in assuming that the Japanese would declare their neutrality, overlooks the fact that the Japanese are not ruled by logic but rather by their emotions in the actions they take. Much also depends on what particular clique of Japanese war leaders happen to be on top at the moment. Moreover, another decisive factor might be whether the crafty Chamberlain government could give the Japanese sufficient appeasement to keep them quiet for a while and delay their occupation of the foreign settlements here when war breaks out in Europe.

Much also depends upon the character of the alignment in Europe and that may not include the Soviets at the beginning of war. It should be noted that apparently the Soviets have jockeyed themselves into a position where they can make a deal either with Britain and France or else with Germany and Italy. But what of the anti-Comintern pact? Why worry about that in view of the facility with which Herr Hitler disposes of treaties that get in his way?

I shall not be a bit surprised to see the three countries with the most fully developed state socialism (totalitarianism), Germany, Italy and Russia, find it possible to come to an understanding. Why not? Countries with leaders as stupid and mendacious as those of Britain and France do not deserve too much consideration. Judging from the workings of British Imperialism here in Shanghai, it will not be entirely a matter of regret when decadent Britain loses her grip on her far-flung Empire.

Here in Shanghoi we are interested, of course, in the bearing of European politics on the Sino-Japanese struggle. If the Soviets come to terms with Germany, the only member of the Rome-Berlin-Tokyo Axis that really amounts to much, the Soviets will be free to play a decisive role in the affairs of the Orient, if they choose to do so. So perhaps it may not be a bad thing if the Soviets do make a deal with Germany.

The action of the Japanese Navy at the international settlement of Kulangsu, Amoy, happening since Mr. Ahlers' article was written, throws new light, of course, on the situation. Apparently the Japanese do not even want to wait for a European war in order to take over the foreign settlements in China. If that is true, will they be any less reluctant to take action against the settlements at Shanghai after war breaks out in Europe? About the only thing that can save us here from the Japanese is the threat of strong action on the part of the United States or else a clash of the Japanese with the Soviets.

SHANGHAI YANKEE

Shanghai, May 13, 1939

PERPLEXED READER

To the Editor:

Having read a letter in your last issue regarding the ill-treatment accorded Chinese passengers in French Indo-China, my emotions are aroused and my thinking perplexed.

There is an English proverb that says, "A friend in need is a friend indeed." This means that a true friend is one who helps you when you are in distress, while a false friend is one who only hurts you.

I cannot distinguish whether the French are true or false friends of China. They recently prohibited the flying of the Chinese flag in their Concession here. Now we hear that they mistreat Chinese travelers in their Indo-China colony.

Can it be that France has forgotten the aid she received from China in the World War?

M. K. LIU,

Shanghai, May 15, 1939.

IS THIS PATRIOTISM?

To the Editor:

Since the outbreak of hostilities some 22 months ago, authentic reports of wanton extravagance among the better class of Chinese now living in the Concessions and in Hongkong have been in constant circulation. Hardly a day passes without some manifestation of this evil exciting public comment.

It seems that these people have become so imbued with a sense of security under foreign protection that their feelings must be expressed in outbursts of reckless squandering—on dress, on feasting and on the hundred and one items that money will procure for comfort and pleasure.

While the whole Chinese nation is concentrating every possible effort to win in this gigantic struggle, these people live luxuriously and voluptuously, and generally in a manner that would cause the ordinary man in the street to feel ashamed of himself. Are their consciences never pricked when they think of the tragic sufferings of the people in war-torn China?

L. K. CHEUNG

Hongkong, May 8, 1939

APPEASEMENT POLICY

To the Editor:

"Armenian eyes are always big—big from a thousand years of terror." Armenian massacres began in the year 1066, and continued at intervals until, at the end of the World War, the Turks staged the greatest mass extermination in history. In the desert wastes of Syria and Mesopotamia, the remnants of the

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS, *Assistant Editor* HOH CHIH-HSIANG, *Editorial Dept.*

Advertising Dept.: TRYPHON V. KU, S. GRUENBERG

F. K. CHAO, *Business Dept.*

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, FOURTEEN DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL—TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $30 A YEAR OR $15.50 FOR A HALF-YEAR.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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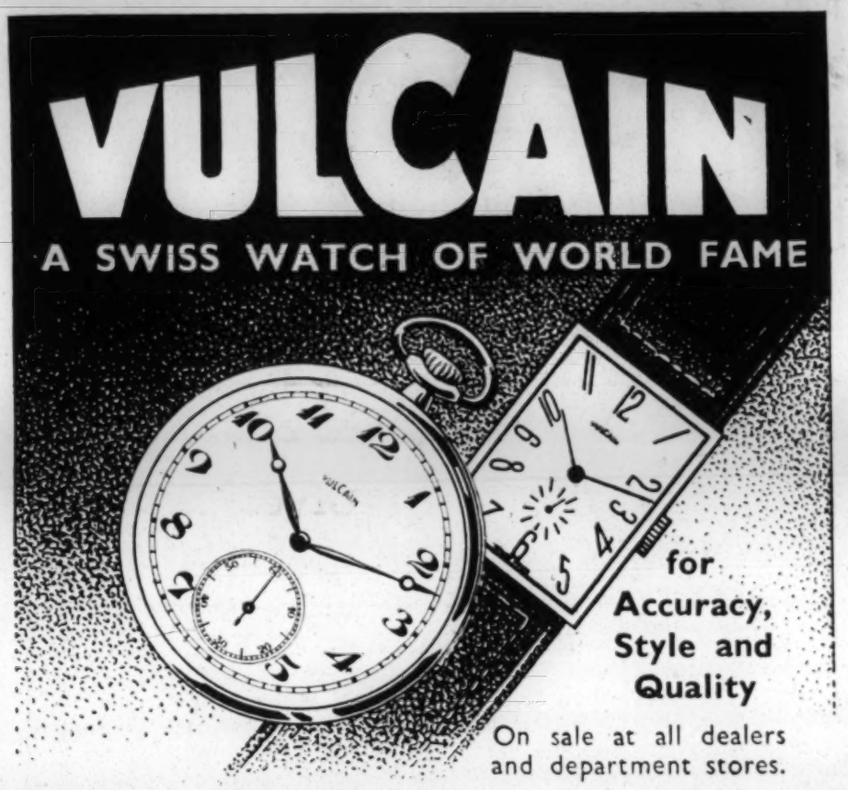

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Armenian nation exist in deplorable destitution. Who cares? Great Britain, France and the League of Nations promised help for the 100,000 orphans. What have they done? Nothing.

It is an immutable truth that hate begets hate, and atrocity breeds vengeance. Pacifists think injustice and atrocity should be met with conciliation and appeasement—and that it succeeds. For whom? What is the record of the Policy of Appeasement?

Before the ink was dry on the Treaty of Versailles, to appease the Serbs, Montenegro was betrayed. The country was occupied by French troops "to restore order," and then handed over to the Serbs. King Nicholas was detained in exile and his people were subjected to savage repression. Men, women and children, without regard for age, sex or physical infirmity, suffered unspeakable tortures.

To appease the Turks, Armenia was betrayed and abandoned. One and one-half million Christian Armenians were massacred by methods that have no parallel in wholesale butchery. No Christian community ever made so much as a protest.

To appease Japan, Manchukuo and China were betrayed by their fair-weather friends of the League of Nations. Millions of peaceful Chinese have been exterminated by every known device of Japanese savages.

To appease Mussolini, Ethiopia was betrayed and wiped off the map. In the abandonment of Ethiopia by the League of Nations, Great Britain led the gang.

To appease Hitler, Austria was betrayed, Czechoslovakia was dismembered and destroyed, with their people flying in all directions to escape the German terror.

To appease Arab terrorists, the doors of Palestine are slammed against the Jews, and, unless all signs fail, they are to be the next victims of the Policy of Appeasement. The Jewish problem is a challenge to Christianity, and the Christian world will fail again. In an age of brutality and selfishness, democratic and humanitarian principles are confined to words and empty platitudes.

In the birth place of the Prince of Peace, the Double Cross is planted alongside the Holy Cross, and the Jews make one last stand for justice in a world that reeks of perfidy.

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The China Weekly
REVIEW
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中華郵政特准掛號立券之報紙

for transmission with special marks privileges in China
Registered at the Chinese Post Office as a newspaper

Volume 88 Shanghai, China, Saturday, May 20, 1939 Number 12

Some Elements and Principles Involved in the Relations of U. S. and the Far East

KANSAS CITY is a typical American metropolis located in almost the exact center of the country. It has about 325,000 people. In order to reach Kansas City from the east or west coasts one must travel about 1,500 miles; from the Gulf of Mexico the distance is about 1,000 miles. While Americans do much traveling in automobiles, trains, buses and airplanes there is probably a surprisingly large number of persons in Kansas City who never saw an ocean. But according to a story in a recent issue of the *Kansas City Star*, a census of the city's industries disclosed that no less than 500 articles manufactured in Kansas City are exported abroad. These articles are exported to Latin American countries, most European countries, Canada, Alaska, Japan, China and parts of South Africa. The account in the paper said, ". . . this is a story of local progress unknown to many Kansas Citizans . . ."

*

Another important middle-western metropolis, also located in Missouri, is St. Louis. Much older than Kansas city, St. Louis has about 773,000 people. Its manufacturing establishments are much more numerous than Kansas City's, hence the exports to foreign countries probably are far greater than those in the first mentioned city. Also there probably are many other smaller cities in Missouri which export manufactured or raw products to foreign countries. Including its vast agricultural, horticultural, mineral and food-animal production, the State of Missouri must rank high among the States of the American Union as an exporter to foreign countries. Among these items are wheat, corn, and other grains, fruits, tobacco and cotton. Mineral products would include zinc, lead, iron and oil, quite necessary in war as well as in peacetime. One famous nursery exports seedlings and cuttings to every corner of the world. We will not attempt to list the state's manufactured products which are sold abroad, many in China, some being on display in Shanghai, even in these days of crisis.

*

These paragraphs are not intended as introduction to a "boost" article about Missouri, one of the richest and most populous states of the country. But the example of Missouri as an exporter of products to foreign countries—including China—fits in admirably with what we intend to say in this and the following paragraphs: First, we would ask the reader to remember that Missouri, despite its location far from the seacoast, ranks high as an exporter of American products to foreign countries—including China. It also is probably true that Missouri's farms, and factories require many products from foreign countries—including China. Therefore any development anywhere in the world which adversely affects world trade, must have a detrimental effect on the prosperity and welfare of the people of Missouri. Certainly a decline in prices of wheat and other grains, minerals, or animal products would inevitably have an adverse effect on the prosperity of the producers of that state—workers as well as proprietors.

*

Recently the *Saturday Evening Post*, a journal which has a large nation-wide circulation in the United States, published an article about a member of the United States Senate whose name has been mentioned as a potential candidate for President on the Democratic ticket in the next national election (next year). Far down in the article appeared this paragraph:

> "In campaigning around Missouri, Senator Clark has made the interesting discovery that voters, even in the remote hamlets, are more interested in peace legislation than in any other kind of issue. In sections where denunciations of the iniquitous protective tariff used to draw the loudest applause, the cheers now go to declarations such as this somewhat spread-eagle passage from one of the Senator's preprimary addresses: 'I disagree entirely with the view of some of our citizens, supported by a highly financed propaganda, that it is the duty of the United States to act as the policeman of the world, more particularly to protect the investments of a handful of adventurers abroad. So far as I am concerned, I would not give the life of one honest, God-fearing American boy for all the two hundred millions of Standard Oil and other investments in China'."

The remainder of the paragraph said that an audience in Flat River, which had listened politely to Clark's views on agriculture, foreign trade and currency, "broke into yells and handclapping when Clark got off that remark." The author of the article suggested that the Flat River occasion "might have served as an expression of the change which has come over rank-and-file political thought."

*

Missouri, in common with other states of the middle-western area of the American Union sends another product abroad, its own citizens, business and professional men, many missionaries. The representatives of merchants and manufacturers sent to foreign countries to drum up trade of ten reside abroad for many years. Missionaries spend their lives abroad, engaged in educational, medical and religious activities. This applies for Protestants and Catholics in equal measure. Obviously these persons are not adventurers in the sense that Senator Clark used the term and none of them want their country to become involved in war in the Orient or elsewhere. Particularly, they do not want

the United States to become involved in war with Japan because that would be disastrous for all Americans and their interests in both China and Japan and possibly in the Orient generally, at least for a considerable time. Those unable to get away would either be killed or interned for the duration of the war, which is what happened to the Germans at Tsingtao at the beginning of the World War when the Japanese captured that city. Therefore the allegation that this particular "handful of adventurers" desires war, as alleged by the Senator, is ridiculous. One wonders whether the Senator's constituents, even in Flat River, would applaud his declarations, if they were informed of all the facts? Senator Clark was an officer in the A. E. F. and made an excellent record. He literally "grew-up" in Congress due to his father's long term in the House of Representatives. He is an accomplished politician and was greatly influential in promoting the original Neutrality Act. He may be the next Democratic candidate for President as he is said to be the choice of Vice-president Garner, himself a leader among those who are "prominently mentioned" for the high office. What the outcome of the National Convention and the ensuing National Election will be cannot be forecasted now, and particularly not from this distance, but as the Missouri Senator is listed among the outstanding candidates and is one of the most stubborn of isolationists, it would seem that something should be done to "educate" him on the subject of world politics and economics. There is a world of difference between an honest and sincere effort to promote peace in a troubled world and the general attitude of scornful aloofness which he has adopted with regard to Americans and their interests in this part of the world.

*
**

While much of the "isolationist" propaganda put out in the United States is hypocritical and mendacious, one must give Senator Clark credit for being sincere in his efforts to prevent the United States from being dragged into war. Perhaps his attitude is due to disillusionment growing out his participation in the previous American venture into European entanglements. But often one cannot help but feel that declarations such as those allegedly made by Senator Clark, merely have the effect of "neutralizing" American opinion and keeping it content with isolationism, while Japan elbows us out of China and prepares to attack us in some vulnerable spot after she has taken care of her other potential enemies. There never was a suggestion in responsible quarters that America should go to war with Japan over the present hostilities in China. But it is absurd to expect America, through misdirected "isolationist" sentiment to step aside and thus help the Japanese to succeed in their adventure.

*
**

Turning from the subject inspired by Senator Clark's statement, but keeping the thought in mind, it is refreshing to observe conditions on the U. S. Pacific Coast where a quite different perspective prevails. We do not have the San Francisco Exposition in mind, although it does figure in the situation, but we refer to the hydro-electrical projects now in process of construction on the Columbia and Colorado Rivers. The Colorado River projects are largely devoted to irrigation development enterprises, including the providing of water for the vast Los Angeles population and terrain. But the Grand Coulee dam and other hydro-electrical projects on the Columbia River have a deeper significance from the standpoint of America's future position in the Pacific. The Grand Coulee dam alone, when completed, will produce more than one third of the number of kilowats as are produced by the total power development of all Japan. The United States, in its trade effort in the Pacific has always been handicapped by the "long-haul" involving heavy freight charges added to America's high labor cost. This was due to the fact that America's industries concerned with foreign trade, excepting agriculture, were largely concentrated on the Atlantic seaboard. It was difficult to develop industries on the Pacific Coast due to shortage of coal. The Columbia River power development schemes will remedy that lack and provide cheap power which ultimately will attract industries, leading to an industrial development on the West Coast which will have a vital bearing on American commerce with Asiatic nations. It has been said that Japan struck at China in 1931 in order to head off three world developments: political unification of China, industrialization of China and Siberia, expansion of American trade in the Orient. While numerous elements were involved in the inspiration which brought the U. S. West Coast projects into being, one may be certain that "isolationism" was not included.

Treasure Island News Reports Should Be Rebroadcast Here

Persons who possess short-wave receiving sets had the unusual privilege last week of listening to an address delivered in San Francisco by the American Ambassador, Nelson T. Johnson, who is returning to China shortly. Mrs. Johnson also made a brief talk, greeting her friends here and announcing her intention of proceeding to Peiping where she and their two children will reside while the Ambassador will resume his duties at the Chinese Capital at Chungking.

Aside from some interference by another station, the address, delivered in the form of questions and answers, was audible here as well as in Nanking and Peiping. Whether it could be heard in Hankow and Chungking is not known, but residents of Chungking have been able to "pick-up" the San Francisco broadcast without difficulty.

The new station "W6XBE," 20-KW shortwave, 15,330 Kilocycles or 19.56 meters, (mornings at 7 :30 A.M. to 11.00 A.M. Shanghai time). and 9,530 kilocycles 'in the evening from 8 to 11' is located on the site of the San Francisco Exposition at Treasure Island in San Francisco Bay. The station was erected and is operated by the General Electric Company. The programs consist of music and radio entertainment with occassional addresses by persons who have some connection with or special interest in the Orient or South America, where the programs are directed. The morning program is the regular American broadcast of National Broadcasting Company, and while directed toward South America is readily heard here. The news broadcast consists of news reports collected from all parts of the world and is prepared by Hearst's International News Service which is independent from the standpoint political control.

In the case of Ambassador Johnson's address it was re-broadcast by one of the local stations, the matter having been brought to the attention of the director of the station by an official of the American Chamber of Commerce.

Since the Treasure Island Station represents a heavy investment by General Electric Company and was designed with the object of disseminating to listeners abroad—in the Orient and South America—an independent American news report with musical entertainment and radio features, it would seem that an effort should be made by Americans here to see that the program is re-broadcast for the benefit of listeners in Shanghai and China generally. The American Chamber of Commerce and other American organizations here should take steps to have the program re-broadcast locally. Since interests at home have displayed sufficient enterprise to establish and operate the Treasure Island Station (without commercial advertising) it would seem that local American interests should cooperate to the extent of having the programs disseminated generally in China. It is surprising that some local station has not already done so on its own accord. Perhaps it would help if patrons of some of the local stations suggested to the managers of the stations that they would prefer to hear the Treasure Island broadcasts to some of the commercial advertising and propaganda which makes up much of the local programs.

Looking Behind the Figures of America's Trade With Japan

IN the fifteen years prior to 1936, last normal year before Japan launched her invasion of China, Japan's sales to all Asiatic markets rose to Yen 1,371,000,000. from Yen 620,000,000 in 1921. Japan's sales to Europe, in 1938, had quadrupled to the sum of Yen 308,000,000. Japan's sales to the United States, including the principal item, silk, reached a peak of over a billion yen in 1925, but dropped to a low point of Yen 425,000,000 in 1931. In 1936 Japan's trade with the United States had recovered somewhat, to slightly under Yen 600,000,000 . In this same period Japan's sales to Argentine and Brazil had increased ten-fold; to Mexico 12-fold in only five years, and to all the remainder of the smaller Latin American states, Japan's sales rose from Yen 2,300,000 in 1921 to Yen 48,000,000 in 1936, or 20-fold.

Most important item in Japan's trade with the United States—persistently advertised by the propagandists as non-competitive and therefore harmless—is raw silk. Admittedly harmless in itself and a contributor toward the attractiveness of American femininity, the profits on silk, an abnormal element in Japan's economy, have nevertheless contributed materially toward the upbuilding of Japan as a competitive industrial as well as naval power. The shipments of Japanese raw silk to the American weaving and knitting mills in Pennsylvania and New Jersey, while providing employment for a considerable number of American workers and prosperity for the proprietors of the mills, have also enabled Japan to carry on a trade which was unfavorably balanced for the United States up to the year 1932, when Japan was consolidating her foothold after the seizure of Manchuria in September, 1931. Japan then embarked on an intensive and feverish construction of a great war machine designed for large scale operations—or rather aggression. Japan's purchases in the United States immediately jumped to new high levels, resulting in a temporary balance in favor of the United States, an element which will be discussed further on.

In the years of greatest prosperity in the United States, Japan's silk sales to the United States amounted to about Yen 900,000,000 annually at the peak, but dropped in the recent depression years to only about Yen 350,000,000. But even at the depression levels, silk is the predominantly important item in Japan's exports to the United States, which are largely responsible for a normally unfavorable balance for the United States' trade with Japan. The amount of silk in a pair of stockings may be worth only a few cents, but through the years it has paid for Japanese battleships and a vast industrial organization. Now it is largely paying for the conquest of China.

In the past five years, when Japan's military activities have been at their height, Japan's purchases in the United States have averaged about $209,000,000 annually, while our purchases in Japan have averaged only about $155,000,000. An examination of the items reveals that purchases of staples have declined while munitions and materials of war have expanded. The favorable balance of about $54,000,000 annually actually represents profit from war business.

While Japanese propagandists constantly reiterate the point that Japan is America's *third* best customer, we have yet to see an article which points to the obvious fact that America is Japan's *best* customer! In the years 1920-1936 inclusive, the United States took, on the average, more than 34% annually of Japan's entire exports. In prosperous years in the United States, our purchases constituted from 42% to 45% of Japan's total exports to world markets. But Japan, which has risen to be America's third best customer, has never taken as much as 10% of America's exports in any one year, and in the same period of years—1920 to 1936—on the average, Japan took only a little over 6% of our exports annually. The comparisons show how the United States figures in an important and vital manner in Japan's economy, but the figures show that Japan, even as a new-comer customer, is not significantly important in the total of the U. S. foreign trade. Japan is our third best "customer" largely because we buy practically all of her silk!

America's excess of purchases of all goods from Japan, over our sales to Japan, from 1901 to 1931, amounted to nearly two billions of dollars. Since the Washington Arms Limitation Conference in 1921-1922, American financial houses loaned several hundred millions of dollars for hydro-electrical and other developmental projects in Japan. About U. S. $400,000,000 of these loans is said to be still outstanding. The American tourist who admires the modernity of modern Tokyo probably is not aware of the fact that Japan's capital was partially rebuilt, after the earthquake of 1923, from more than U.S. $5,000,000 donated by the American people to the stricken Japanese. American tourists, in normal times, also contribute handsomely toward the prosperity of the Japanese. Net Japanese freight earnings on cargo shipped to the United States from various world markets, brokerage and earnings of Japanese trading and insurance companies, sales of Japanese war bonds in the United States, plus remittances back to Japan by 300,000 Japanese residents of the United States and Hawaii, from 1901 to 1938 could not have been less than U. S. 1½ billions cash. In the seven years of Japanese purchases of war materials in the United States, the Japanese have returned to us about $360,000,000. Putting the figures together we find:

Unfavorable visible trade balance for the United States in its trade with Japan, 1901 to 1931	U.S.$2,000,000,000
Outstanding electric loans	400,000,000
American tourist expenditures in Japan and other payments	1,500,000,000
Total payments to Japan (1901 to 1931)	U.S.$3,900,000,000
Japan's adverse balance in trade with the U. S., 1932 to 1938	U.S.$ 360,000,000
Net gain by Japan in balance of payments with the United States, estimated for 38 years	U.S.$3,540,000,000

American naval authorities admit that they have received no reports on Japanese warship construction for more than two years, or since Japan denounced the London Naval Treaty. It is generally believed that Japan is building at least two 45,000-ton battleships. It has been estimated that our construction costs on a 45,000-ton battleship would be $60,000,000 at a minimum. Some say the cost would go to $90,000,000. The Japanese, due to low labor cost, can build them for about half the American figure. Japan could easily have built 118 super-battleships out of her prosperity derived from trade with the United States. Silk, which the propagandists say is harmless and non-competitive, has played a large part in this Japanese development.

The fact that Japan ranks third in American trade in comparison with China's position as 16th, is constantly cited by Japanese propagandists in support of the contention that China trade is not worth fighting over, or that nothing should be done that might disrupt American trade with Japan. Also, it is claimed that Japanese occupation of Chinese territory will so stimulate China's reconstruction requirements that American trade—through Japanese agencies—will be greatly improved.

Secretary of State Cordell Hull recently pointed out that American trade with Manchuria had steadily gone down following the Japanese occupation in 1931 and ensuing monopolization, until last year when there was a considerable increase—due entirely to the purchase of munitions and other materials of war which the Japanese Army is storing in that puppet state for further undisclosed military adventures.

While considerations of trade and investment have a vital bearing on governmental policies, other elements, if they are clearly understood may have an even greater influence. Secretary Hull undoubtedly had these other elements in mind when he made the following statement in the course of a letter to Vice-President Garner on January 8, 1938:

> "The interest and concern of the United States in the Far Eastern situation, in the European situation, and in situations on this continent are not measured by the number of American citizens residing in a particular country at a particular moment nor by the amount of investment of American citizens there nor by the volume of trade. There is a broader and much more fundamental interest—which is that orderly processes in international relationships be maintained. Referring expressly to the situation in the Far East, an area which contains approximately half the population of the world, the United States is deeply interested in supporting by peaceful means influences contributory to preservation and encouragement of orderly processes. This interest far transcends in importance the value of American trade in China or American investments in China; it transcends even the question of safeguarding the immediate welfare of American citizens in China."

The statement frequently has been made that Great Britain invented the Open Door and induced America to support it in order to prevent the partitioning of China which would have been detrimental to British trade. Now the Americans are told that all of the talk about protecting our interests in China against Japanese aggression is merely for the purpose of "pulling Britain's chestnuts out of the fire," as Britain has the "really big" investment in China.

An inspection of the figures will show that Americans had led the field in China's foreign trade for a considerable period prior to the Japanese intervention and that America's participation in China's commerce and internal development was increasing by leaps and bounds as the Chinese people obtained control of their own means of production and were developing and enlarging their own national life. As for our support of the Open Door and Equality of Opportunity, those are fundamental principles of American life which have prevailed in our domestic relations since the beginning of our existence as an independent nation. At the Washington Conference in 1921-1922 we attempted—and succeeded—in translating these principlaes into a Magna Charta for China, enabling that long oppressed and harassed country to stand on its own feet as an independent nation. We have always felt, instinctively, that a strong, independent and democratic China would be the best guarantee of permanent peace in the Pacific. That Japan is seeking to destroy China's independent political and economic life and our own participation in the fruits of that development constitutes the best proof that our conception of what is right and what is wrong in the Orient has been fundamentally sound. The idea that America should temper its ideas of right and justice in accordance with the barometer of our trade and investments in particular countries is not only ridiculous but an insult to the intelligence of our people.

Japanese Arrest, Torture Chinese Christians at Hsuchow

THE Japanese military authorities at Hsuchowfu, located at the junction of the Lung-Hai and Tientsin-Pukow Railways in northern Kiangsu, have arrested, detained and tortured seventeen Chinese Christians connected with the American Southern Presbyterian Mission. The arrests were made over a period of three weeks preceding May 11, when a member of the Mission left Hsuchow and brought the report to Shanghai. According to the member of the mission, an American pastor, the relations between the dozen American mission workers and the Japanese military previously had suffered no interference in the period exceeding a year which had elapsed since the Japanese occupation.

On a Sunday night, without prior warning, the Japanese Army sent soldiers to the homes of prominent members of the Church. The members were dragged from their beds and placed in jail without any charge having been preferred against them. This went on up to May 11 when 17 had been arrested, five of them being Chinese who had managed the Missions' relief work, which included distribution of medicines and cracked wheat sent to China for civilian relief by the American Red Cross, American Committee for Church Relief and other organizations. Recently, when a member of the Mission was finally permitted to visit the prisoners, they showed signs of torture, the Japanese using three systems, one being a method of forcing the victim to swallow large quantities of water which causes the stomach to become greatly distended, resulting in acute pain and often permanent injury.

The member of the Mission who visited Shanghai this week also described a massacre of Chinese villagers at the town of Wulo, about 25 miles outside Hsuchow. A contingent of Chinese guerrillas had attacked the Japanese near the village, resulting in three being killed and several wounded. The next day, Sunday, the Japanese military sent a large force to the town, catching most of the adult population in the local Christian church. Placing a machine-gun at the door, the Japanese entered the church and examined all of the members. All men wearing badges indicating they were members of the Presbyterian congregation, were ordered to clear out. The other males in the congregation were then taken from the church, lined up and subjected to machine-gun fire. Some 20 were killed and more than 60 wounded, whom the Japanese left writhing on the ground. The wounded were later taken to the Presbyterian Hospital in Hsuchow where they were given treatment.

Whether the Japanese considered the church service of political nature connected with the guerillas was not known. Also, it was not known why the Japanese military spared those wearing badges indicating membership in the Mission. The detention of Chinese connected with the Mission in Hsuchow was generally regarded as anti-American and anti-missionary according to the representative who came here.

He stated that the guerillas now entering northern Kiangsu are mostly of the Eighth Route Army which is headquartered in northern Shensi. They are concentrating in the vicinity of Tierhchwang, scene of the great Chinese victory over the Japanese on March 19, 1938. He said that the guerrillas were suppressing bandits and reestablishing the local hsien administrations. Previous magistrates who had been driven out by the Japanese were returned to their positions and given protection. It was now possible for missionaries to travel throughout the district without danger or interference. The puppet administration which the Japanese have set up in Hsuchow is composed of outside men brought in from Tientsin and a few local men who previously did not enjoy good reputations. The administration has no power outside of the town and none of the members dares venture beyond the Japanese lines. Farmers now refuse to raise cotton or other crops which might benefit the Japanese.

Recently the Japanese Army authorities completed a most modern airfield at Hsuchow and since have established what they call an "air-police" patrol. The country is mapped and avaitors cover their "beats" daily, which has led to more general and systematic bombings of undefended towns and villages than previously. Also, any town which may survive a bombing will certainly be burned in case the Japanese suspect that guerrillas have been in that vicinity.

Axis Suffers Set-Backs in the West and the East

FOLLOWING upon a series of military and diplomatic successes for the Rome-Berlin axis, commencing with the Nazi seizure of Czechoslovakia and ending with the conversion of the Axis into a military alliance, two events occurred last week-end to break the charmed circle in which the policies of the totalitarian states have been unfolding. The first of these was the conclusion of a pact of mutual assistance between Great Britain and Turkey, whereby the two states have undertaken to render each other maximum assistance in the event of an outbreak of war in the Mediterranean. The second—still, however, awaiting confirmation—was the reported categorical refusal of Japan to join the military alliance recently entered into between the two European Axis powers.

The Anglo-Turkish Pact represents a major diplomatic defeat for the Axis, a fact which, judging by press comment in Berlin and Rome, is fully recognized by Hitler and Mussolini. Hitler had sent one of his ablest diplomats, Baron Franz Von Papen, former Chancellor, to Ankara with the evident intention of drawing Turkey into the Berlin-Rome alliance. Moscow sent M. Vladimir Potemkin, Vice-Commissar of Foreign Affairs, to the Turkish capital to help Britain counter the German overtures. The London-Moscow combination won. It was able to offer much more than the Berlin-Rome combination could offer. The astute Turks are not deceived by the appearances of Nazi-Fascist strength. They know that in the show-down of war the imposing facade of totalitarian power is likely to dissolve rapidly because of the socially explosive material lodged behind and beneath it. Moreover, as the ally of Germany in the World War, Turkey suffered a tragic disillusionment. Her statesmen have no desire to repeat the error of being on the losing side.

Evidently with a view to offsetting the diplomatic defeat which the Anglo-Turkish pact represents, the Axis powers are now angling to draw Spain into the Berlin-Rome alliance. Reports indicate that a regular diplomatic tussle is now in progress, with the "democracies" and the "authoritarians" bidding against each other for the bloody hand of General Franco. But Franco's Spain, a second-rate power like Japan, is in no hurry to hitch its military wagon to the Axis star. Franco needs loans. Hitler and Mussolini have no money to lend, but Chamberlain has. And Franco, like the politicians at Ankara, has no illusions regarding the ability of the Axis to win a war against the democracies, with or without Spanish aid.

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STRANGELY enough the reported refusal of Japan to join in the European alliance of the Axis powers came in a *Havas* dispatch—not from Tokyo, but from Berlin! Quoting "most reliable quarters" in the Reich capital, the French agency said: "Japan has no reason to be hostile to the democracies and therefore will not enter into a military alliance with Italy and the Reich, Tokyo told the Axis powers when offered a military accord." The *Havas* sources were also quoted as saying that Japan had declared her main interests were concentrated in the Far East, and, moreover, that there were economic reasons for her refusal because she has great commercial interests in the democratic countries."

All this sounds entirely logical and in full consistency with Japan's needs in the current situation. Yet the *Havas* report contradicts statements made in Tokyo just after the announcement of the Berlin-Rome alliance (see last week's issue of *The Review*)—statements which indicated that at the very least Japan was considering a military alliance with Berlin and Rome. It is understandable that Japan should refrain from announcing her refusal to line up with Berlin and Rome in a military alliance, thus keeping the door open to possible future arrangements. What is more, it is necessary for Japan to keep on as friendly terms as possible at least with Berlin, with an eye to needed German assistance in the event of a Soviet-Japanese war. But Japan does not want to commit herself to a hard and fast arrangement whereby she might be obliged to assist Germany and Italy in a European war from which Japan could reap no advantages. Finally, as a second-rate power, Japan

Flower That Blooms in the Spring

must keep herself free to choose sides when the big war showdown comes.

There is no doubt that Japanese foreign policy *vis-a-vis* both the democratic and totalitarian states of Europe is designed to exploit antagonisms on the old Continent in the interests of Japan's primary Far Eastern aims, without committing Japan to any military or naval action in Europe. This fact is appreciated as keenly in London and Paris as it is in Berlin and Rome. It will be a bad day for the Axis powers when Japan lines up with the democracies in return for a deal which will gain for her recognition of her "special position" in China. It will be a bad day for Soviet Russia, too, and a still worse one for China. A development of this nature is not a certainty, but it is a distinct possibility. The future of the foreign concessions in China may well be one of the issues placed at stake by diplomatic negotiations designed to make Japan a "friend of democracy."

"Spring in Europe"

De Groene Amsterdammer

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AN interesting angle to this question was furnished this week by a *Domei* report from Tokyo which said that M. Charles Arsene-Henry, French Ambassador, had informed the Japanese Government that Far Eastern questions were not being discussed in the Anglo-French-Soviet negotiations now going on. The world, incidentally, has not yet been informed of the reasons why these negotiations have produced no tangible result. At this writing, Prime Minister Chamberlain is still stalling off questioners in the House of Commons. But sufficient is known to make it clear that the difficulty, in general, is the desire of the British Government to get something for nothing.

Prime Minister Chamberlain would like Moscow to guarantee military assistance to those eastern European states whose security Britain and France recently pledged themselves to uphold, for there is no way in which those pledges could be quickly and effectively implemented without the help of the Soviet Union. But the Tory Chamberlain is not at all anxious to defend the Bolshevik state, no matter who the attacker may be. If after giving a British pledge to the Soviet Union in exchange for corresponding commitments, Hitler were nevertheless to turn his eyes East to the Soviet Ukraine (after liquidating Poland), Britain would find herself in the discomfiting role of a defender of Bolshevism—in a war in which no immediate British interests would be at stake. Britain's embroilment with Germany, and probably also with Japan, would then be practically certain.

Current reports from Europe indicate that Hitler's next move has not yet been decided. Like Dictator Stalin, he is leaving the door open to a possible German-Soviet accord. There are no fiery denunciations of Bolshevism. While democratic parleys with Moscow continue, Hitler has revived his agitation over Germany's former colonies. The blackmailing character of this campaign is obvious. It goes forward "unofficially" through the medium of the German Colonial Institute, of which General Ritter Von Epp is the director. Last Sunday, a "Congress on Colonial Law" was staged at Munich to enable General Von Epp to proclaim: "Germany's weapon in her struggle for colonies is justice, but as an upholder of justice the Reich also needs power, since it is clearly recognized by Germans that the Reich will receive justice only in proportion to her power."

It is fairly clear, however, that whatever Hitler's next major move is to be, the Polish problem must be settled first, and it is here that Der Fuehrer is temporarily stalled. Poland was expected to crumple and capitulate under Nazi threats, just as Czechoslovakia did. Instead, defiant statements promising the utmost resistance to any hostile German moves are issuing from Warsaw, which keeps an army of a million men on a war footing. Polish-German relations are becoming more and more strained as incidents, involving alleged persecution of the respective nationals of the two countries, pile up. Poland continues to be the great danger spot in Europe.

Japanese-Fostered Gamblers Open Houses in Settlement

JAPANESE-protected gambling houses, established in the "Badlands" in the Jessfield district bordering on International Settlement roads, have begun to expand into the Settlement in recent weeks. Three new houses have been opened, two on Avenue Haig and one at No. 65 Gordon Road. The house on Gordon Road, known as the Asia Club, and one of the houses located near 368 Ave. Haig, are supposed to be owned by the Chinese proprietors of "Hollywood," and probably represent the profits of the Hollywood resort. The other place, located at the corner of Ave. Haig and Edinburgh Road, is supposed to be independent. In addition to these there are some 20 other places operating on Jessfield, Connaught, Brenan Roads, Route Ferguson, and in Jessfield Village, some of them low-class places which cater to coolies.

The three new houses on Ave. Haig and Gordon Road are operated as private clubs and do not admit foreigners except on special passes which are difficult to obtain. Hollywood admits foreigners, as also do some of the places on Jessfield Road, but the district has such a notorious reputation that few visit the houses, except tourists seeking a thrill. The Hollywood resort, which has expanded so rapidly that it keeps a force of carpenters working day and night building additions, now has 14 "Chuck-a-Luck" tables, two roulette tables and one Fan-tan table built with a gallery in Macao style. Opium is dispensed at the Hollywood resort for a nominal charge and dozens of smokers, men and women, may be observed there nightly.

Of the new resorts, the one on Gordon Road (entirely within the Settlement) is said to be the most profitable. It has an average attendance of 400 nightly and on some days is said to have taken in as much as $40,000. Hollywood, which caters to those of more moderate means (roulette chips sell for $1) formerly had an attendance of 4,000 daily and a daily income of $20,000 to $25,000. Attendence is said to have fallen off somewhat lately, possibly due to the opening of the new gambling houses. Hollywood has a notice posted on the walls of the gaming rooms referring to the kinds of currency which are accepted. There is no mention of the "Hua-Hsing" notes issued by the new puppet bank which the Japanese have established.

The houses are all operated by Chinese who enjoy close affiliations with members of the Special Service Section of the Japanese Army, which provides the protection. There are three partners in the Hollywood resort, all Cantonese, the two active partners being known as "Liang" and "Wong". Wong also operates the resort on Gordon road and one of the houses on Ave. Haig. The one at the corner of Haig and Edinburgh is operated by a man named "Lee." Another man named "Pan" is also said to be a heavy investor in Japanese-supported gambling houses. He is said to be connected with Japanese shipping and banking concerns. The

manager of the house at Haig and Edinburgh is a certain "Mr. Liu," said to be a Korean or a Formosan.

The Special Service Section of the Japanese Army, which guarantees protection to the gambling houses, has its office near the corner of Jessfield and Kinnear Roads, the director being a Japanese named Fujino. The sums which the resorts pay to the SSS for protection are not known, except in the case of the Asia Club on Gordon Road which pays half the profits to the Japanese and has a Japanese cashier on the premises.

Japanese protection not only guarantees the Chinese operators against interference by the police of the International Settlement, but also (allegedly) guarantees players from arrest or interference when they return to their homes after curfew hours. A man who has visited the Gordon Road resort said that he was assured by the management that the police never interfered with the cars which are provided by the management to take customers home after curfew hours. Japanese protection also provides a practical monopoly, in that no new houses are permitted to open, without an advance payment of $200,000. Of most importance, however, is the protection accorded proprietors against police interference such as raids or the barring of entrances. In the case of the Hollywood concern on Yu Yuen Road, its entrance, although on a Settlement Road, never has been barred with barbed-wire barricades as was the case with other resorts on Jessfield Road which were barred for a time but later permitted to reopen.

There was one case where a Japanese, allegedly outside the syndicate, attempted to open a resort next door to the Del Monte Cabaret, the proprietor of which is Thurman R. Hyde. Mr. Hyde protested to the police about the Japanese gambling house which was planning to open next door and had sufficient influence to have the place permanently barricaded with barbed-wire strung so closely that a pig could not crawl through. This is the only place which has been permanently barricaded by the Municipal Police. The property is owned by a Chinese named "Ling" who is said to be a Japanese subject. Previously the property was used as a storage place for automobile tires which the Japanese Army had seized from the Chinese forces during the hostilities in the fall of 1937. It also was alleged that shipments of tires had been smuggled in through the Hongkew section, each tire being filled with Jehol opium, but this was not confirmed. The stock of tires on the premises was said to be worth $400,000.

Thus far no foreigners have been permitted to open gambling houses and only one or two, including Hollywood, allow foreigners to enter and participate in the gambling. A European who operates a night club in the vicinity of the American Columbia Country Club, has had his resort equipped for the operation of roulette games for several weeks but has not been able to obtain a permit to open. He is said to have spent $20,000 in remodeling the upstairs rooms of his place in preparation for opening a gambling house, but has not yet received a license to operate. Just who would be in a position to issue such a license with the accompanying "protection" was not stated.

All of the gambling houses have been opened since the Japanese occupation of the area surrounding the foreign settlements. Excepting those recently opened within the Settlement, the houses are all located in territory controlled by the Japanese Army and administered by the local Chinese puppet administration.

Gambling houses, naturally, are not the sole form of vice which has been introduced into the suburban Jessfield area since the Japanese occupation of the Shanghai district. The *North-China Daily News*, senior British newspaper here, published on March 1, a list of names and addresses of 34 opium dens in the Shanghai district, outside the jurisdiction of the International Settlement or French Concession. The houses allegedly are licensed by the Army SSS at the monthly rate of $600 each. Four more houses are said to have been opened since the publication of the previous report. That the smuggling of opium and heroin and the crimes associated with dealings in and use of these drugs have greatly increased is evidenced in the police reports and cases in the First District Court.

The development of these enterprises in the Jessfield district and their spread into the International Settlement are certain to have a demoralizing effect not only upon the personnel of the Settlement administration, but ultimately will produce a serious crisis through diversion of incomes into non-productive channels.

The new illustrated magazine *Shanghai*, published at 76 Jessfield Road, is said to be a sort of "house-organ" for the Japanese SSS and its Chinese affiliates who are concerned with the operation of gambling and opium dispensing concerns in the Jessfield district. The two numbers which have been issued have contained attacks on Nationalist officials at Chungking and the foreigners at Shanghai. The foreigners are depicted in "surrealistic" cartoons as partners in vice, primarily prostitution, in the foreign-administered areas but nothing is said about gambling or the narcotics trade.

Neutrality Legislation May Be Abandoned this Session

Responsible Administration quarters in Washington reported a developing movement in Congressional circles to abandon neutrality legislation revision for the current session of Congress, according to *United Press* messages this week.

Senator Key Pittman, chairman of the Senate Foreign Relations Committee, and his colleagues, are understood to have discussed the advisability of delaying action on proposed revision of existing neutrality laws.

The State Department also is reported to be disturbed as a result of indiscretions voiced during Congressional debates on neutrality. These statements are reacting to the embarrassment of American foreign policy, the State Department is said to feel.

The presence of Their British Majesties in the Western Hemisphere is another factor working toward postponement of discussion of the controversial subject for at least a month.

If the consideration of neutrality legislation is postponed, observers believe it will be positive proof that legislative experts do not anticipate a major war before next spring.

Sol Bloom, Democratic Representative of New York, announced that he would introduce in the House a new neutrality bill similar to that introduced in the Senate last week by Senator Guy Gillette, Democrat of Iowa. The Gillette Bill would authorize the President to designate "zones of combat" which Americans and American ships would enter "at their own risk."

As the situation stands, the expiration of the "cash and carry" clause in the present neutrality law has practically emasculated that enactment except for the provisions calling upon the President to declare a state of war and place an embargo on the sale of munitions to belligerents. American ships would be left free to participate in world trade, even with belligerents, in articles not on the embargo list.

French Increase Forces in Their Concession Here

THE authorities of the local French Concession are engaged in recruiting another company of Russian Volunteers, which will be known as the Russian Auxiliary Detachment. It will have a numerical strength of 70 men and will be officered by men detached from the senior Russian force in the Concession. According to the notice at the headquarters on Avenue Dubail, "only young men of intelligence, good health and faultless reputations will be accepted."

The Senior Russian force in the French Concession, which celebrated its 7th anniversary on April 1, now consists of about 300 men who have been trained by French officers. The Commander is Gen. L. M. Adamovitch, who, along with several of the other staff officers, served in the Czarist forces prior to the Soviet Revolution. The Concession pays the Russian Volunteers at the rate of $54 a month on enlistment, which increases with the years of service. Corporals and sergeants receive slightly over $100 a month. Clothing, food and quarters are provided gratis by the Concession.

Yellow River Dyke Breached Anew to Prevent Flood Ravage

Allegedly moving to forestall ravages of China's Sorrow, Japanese military authorities, assisted by Chinese farmers, have opened a new 300-meter-wide breach in the south-bank dykes of the Yellow River, one kilometer east of the Kingshuichen breach caused by retreating Chinese forces last year, *Domei* reported from Peiping this week.

This course was said to have been adopted in preference to a policy of repairing the breached dykes so as to avert the danger of a flood catastrophe in the event Chinese forces should again blow up a section of the bank after the Yellow River had been restored to its old bed.

The new spillway, an Army spokesman said, would not threaten new areas in southern Honan and northern Anhwei, as areas now under water as a result of last year's flood would serve as a reservoir.

The new opening in the dyke was completed on May 14 with the assistance of more than 10,000 Chinese farmers from the vicinity, who had volunteered for the task, the spokesman asserted. Japanese authorities, the spokesman continued, considered the eventual repairing of the Yellow River dykes as necessary in order to carry out conservancy projects. In keeping with this policy, the breached dykes at Sanliuchai were repaired, but fears of further "reckless acts" by the Chinese troops prevented application of this practice everywhere, he said.

"Viewed from every angle, the enlargement of the Kinshuichen breach is logical as an effective safety measure," the spokesman added.

Chiang Reaffirms China's Will to Resist

LIKE all human wickedness, the policy of terrorism has its limits. As a weapon of destruction, particularly in the massacre of civilians, air bombing is lethal indeed. But as an intrument to win a war, it has proved totally ineffectual.

Shocking indeed as far as the loss of civilian lives is concerned, the atrocities perpetrated by the Japanese in the recent air raids on Chungking are futile from the military point of view. After almost two years of hostilities, it is a pity that the Japanese militarists, their senses blunted by ignorance or stubbornness, still fail to awaken to the fact that terrorism as a means of demoralization is useless, when applied to a people resolved not to be coerced and enslaved. Contrary to Japanese expectations, the more ruthless the aerial bombings, the firmer becomes the Chinese determination to continue resistance.

Chiang Answers Message

In the light of these considerations, the reply by Gen. Chiang Kai-shek to the recent message of encouragement from 32 leading members of the British Parliament, reaffirming China's will to resist the Japanese aggression to the end, acquires an added significance. Such verbal protestations by Chinese leaders have not been lacking, but coming closely upon the repeated Japanese air raids on Chungking, the Generalissimo's pronouncement is something which the Japanese warlords should heed carefully. Gen. Chiang, the Japanese must by now have realized, never indulges in idle talk.

The British Parliamentarians, in their message to Gen. Chiang, acclaimed China's heroic resistance and voiced the conviction that China should be invited to join in any collective peace agreement which the democratic nations of the world might eventually conclude. Gen. Chiang's reply expressed gratitude for this sympathy, and pointed out that China was fighting not only for the maintenance of international justice, but also for the preservation of world peace. The Chinese people, he assured the British parliamentarians, would continue resistance until the attainment of their objectives.

The Chinese press in Chungking has reacted favorably to premier Neville Chamberlian's declaration in the Parliament that the British Government would consider the desirability of including China in any combination of governments for the purpose of resisting aggression. The *Central News Daily* paid a tribute to the British premier and his colleagues for their farsightedness and moral courage in leading the anti-aggression bloc in Europe. Peace is indivisible; therefore, the journal declared, China should be included in any anti-aggression movement. While other nations are still talking about it, the paper emphasized, the Chinese people have already shed blood and made great sacrifices to combat aggression.

Urge China's Inclusion

The *Ta Kung Pao*, in an editorial entitled "Extend the Anti-Agreession Front," reminded European and American statesmen of their repeated utterances on the indivisibility of world peace and welcomed the news that the British leaders were considering the inclusion of China in the anti-aggression bloc. The paper pointed out that the Far East is an important part of the world and its absence from any anti-aggression movement will necessarily mean a great loss to that movement.

In the opinion of the *Sao Tang Pao*, the present anti-aggression movement should be directed toward maintaining the sanctity of the League Covenant, the Kellogg-Briand Pact and the Nine-power Treaty, while the interested powers should give China material assistance in conformity with the obligations they assumed under these international instruments.

Appealing to the American Committee for Non-participation in Japanese Aggression, the Chinese People's Foreign Relations Association urged America to stop supplying Japan with weapons of war for the destruction of lives in China. Addressed to Col. Henry L. Stimson, chairman of the Committee, the message read:

"Japan is slaughtering innocent Chinese civilians through ruthless air bombing of Chinese cities. But deadly slaughtering weapons chiefly come from our friendly power. Such mad massacres, we believe, will not only strengthen our determination to fight to the bitter end but also hasten our friends to redouble their efforts to check aggression."

Commenting on the forthcoming meeting of the League Council, the *Chinese-American Daily News* took a rather lenient attitude towards its inactivity and urged its preservation as an instrument for the pursuit of international peace. "It is a mistake," the journal averred, "to attack the League for its inactivity and inefficacy. Instead, we should do our best to support it, as this is the only international organ which aims at the maintenance of world peace."

The League, the journal observed, had undergone a purge, following the withdrawal of all those nations which harbored aggressvie designs. As the remaining members of the League are nations determined to work for international peace, the League has unwittingly emerged as a spontaneous peace bloc which, when well utilized, will become an indispensable intrument for promoting the progress of civilization.

The journal specified two important tasks that should be undertaken by the League at its forthcoming session, namely: (1) to find out whether or not its resolutions have been faithfully carried out; and (2) to adopt more positive measures to assist China.

Testifying to Chinese efforts to strengthen Anglo-Chinese friendship in Burma, the Chinese Government, by a special order, has elevated its Consulate in Rangoon, capital of Burma, to a Consulate-General and ordered the establishment of a branch office in Lashio, on the Yunnan-Burma frontier.

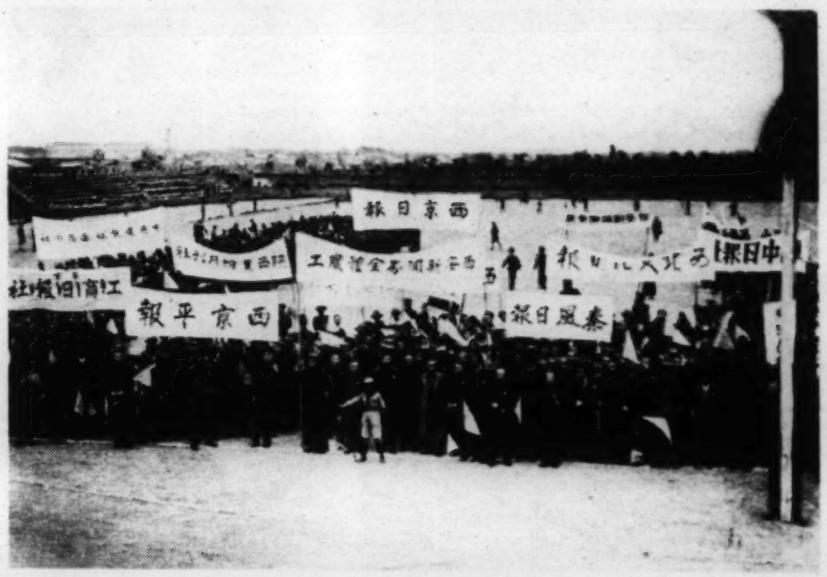
Chinese nationals in Burma total more than 193,000, according to the Chinese Overseas Affairs Commission. Although not enjoying the same prominent position as their compatriots in Siam or Malaya, they hold the lion's share of the rice milling and timber trades. They share honors with the Indians in retail business. Most of the Burma Chinese are concentrated in Rangoon, where the ratio between the Fukienese and the Cantonese, the two leading emigrating groups of the Chinese nation, is eight to two. The Yunnanese predominate it Upper Burma.

Much speculation has been aroused over the nature and contents of the reported agreement recently concluded between China and Soviet Russia. Promptly seizing upon the report as a convenient means of propaganda, the Japanese are assiduously attempting to create the impression that China has purchased the Soviet aid at the price of Bolshevization of her Northwest provinces.

Negotiated by Dr. Sun Fo, president of the Legislative Yuan, the Japanese reports allege, the agreement provides for the establishment of a special political administration by Soviet Russia in the Northwest under the nominal control of Mao Tse-tung, the stationing of special Soviet military and commercial commissioners in the Northwest and the establishment of a Sino-Soviet Aviation Company in the same region. In return, according to the Japanese, Moscow will undertake to supply China with munitions to prolong the war against Japan and to furnish her with loans for communist propaganda.

Reports from independent neutral sources indicate that the agreement, if concluded,

Newsmen Take Oath of Loyalty



Picture shows a gathering of Chinese newspapermen and journalists in Sian, capital of Shensi province, taking the oath of loyalty prescribed in the program of the Spiritual Mobilization Movement, which has assumed a nation-wide character.

has not yet been signed. Refuting the Japanese allegations, official quarters in Moscow pointed out that as independent states, China and Soviet Russia had every right to conclude any agreement, but emphasized that the Japanese report that China, by virtue of her agreement with Russia, must consult the latter about her foreign policy, was absurd to say the least.

Chinese quarters in Moscow expressed satisfication at the results of Dr. Sun Fo's conversations with Soviet leaders, but declined to divulge any information regarding the talks. Some circles in the Soviet capital expressed the belief that a Chinese financial delegation arrived there recently to negotiate a Soviet loan to China. It is generally assumed, however, that Dr. Sun's talks have resulted in increased Soviet support to China.

Commenting on the Japanese report on the Sino-Soviet agreement, the *Shun Pao* declared that such an agreement, if concluded, should occasion no surprise, nor was there any need of secrecy about the matter. As the stabilizing factors in the Far East, there was every reason for China and Soviet Russia to take some kind of concerted action to check the Japanese aggression.

Anglo-Japanese Tension

Fresh tension in Anglo-Japanese relations was commented upon by the *Yi Pao* which expressed the opinion that in view of Hitler's denunciation of the Anglo-German Naval Agreement and the conclusion of a German-Italian military alliance, the Japanese were seizing the opportunity to bring greater pressure to bear on Britain and France.

The primary aim of Japan's war of conquest in China, the paper pointed out, is to oust British, French and American interests so that Japan may dominate the Far East. For this reason, Japan is compelling Britain to cease giving assistance to China, which to Britain, under existing circumstances, is the only way to defend her interests in the Far East.

Enumerating numerous instances of Japan's violations of British rights and interests in China, the *Yi Pao* was of the opinion that Japan's insolent attitude indicated that she was deliberately seeking to provoke war with Britain.

The journal urged that Britian should realize the impossibility of dividing the Berlin-Rome axis and winning over Japan by a policy of appeasement. In the event of a new European war, the paper suggested, there are only three possibilities open to Britain to prevent Japan from destroying her interests in the Far East: 1. Strengthening of China's resistance. 2. Stricter vigilance on the part of the United States against Japan in the Far East. 3. The inclusion of the Far East in an anti-aggression bloc.

More on Wang Ching-wei

Reports of Wang Ching-wei's alleged activities in Shanghai continue to appear in the local press. According to the *Morning Leader*, Wang visited Tokyo last month and proceeded to Shanghai on May 9. In Tokyo, a tentative agreement allegedly reached in Shanghai between Wang and a high Japanese official was approved by the Japanese Government. Wang and his associates are now expected to carry out their secret activities in accordance with this agreement.

According to a report in the *Wen Hui Pao*, agents of Wang last week called on that paper and offered it a monthly "gift" of several thousand dollars. The callers also proffered protection to the management of the daily, should it see fit to accept the gift. Both the gift and the proferred protection were, however, declined and the visitors told that the paper desired to maintain its independence as a neutral publication.

Wang and his followers, including Chou Fu-hai and Li Sheng-wu, formerly high officials in the National Government, are allegedly maintaining headquarters in the Broadway Mansions, and from there directing the "peace movement" across Soochow Creek. Mrs. Wang is said to be active in organizing a "Women's National Association" in Shanghai.

An interesting analogy was drawn by the *Chung Mei Jih Pao* between Yuan Shih-kai and Wang Ching-wei in an article on May 9, China's national humilitaion day, when, 24 years ago, Yuan as president of China accepted Japan's notorious Twenty-one Demands. Said the paper: "Both Yuan and Wang committed an act of high treason. The only difference between them is that the former was under compulsion while the latter volunteered, in order to curry favor with the Japanese."

Northwest Command

The center figure in this trio is General Cheng Chien, director of the Generalissimo's Northwest Headquarters at Sian. Right of him is General Chiang Ting-wen, Commander-in-chief of the Northwest War Area and concurrently chairman of Shensi province. At the left is General Yen Hsun-fu, Chief-of-Staff of the Generalissimo's Northwest Headquarters.

Gossiping on politics in Peiping is now a crime punishable by arrest and detention. This was a new decree issued by the Japanese in the old capital. They explained that this step was taken upon receipt of reports that "indiscreet people have expressed unauthorized opinions and spread reports absolutely without foundation."

Production Conference Ends

Production activities in the interior were lauded by Gen. Chiang Kai-shek in an address delivered at the closing session of the National Production Conference in Chungking last week. Military strength, the Generalissimo said, depends upon the success of national economic reconstruction. He praised the delegates for having successfully drawn plans to strengthen resistance against the enemy by increasing productivity.

One of the outstanding contributions the conference made to the cause of the war of resistance, declared one of the delegates, was the acceptance of a plan for the establishment of a new truck assembly plant in western China. The company will be capitalized at $500,000 and will be capable of turning out 40 trucks per month, the delegate said. The Chinese Government will build the assembly plant and import the parts from American parts manufacturers instead of from American companies such as General Motors and Dodge, who offer only assembled trucks for sale. The chief value of the new system, it was pointed out, will be to reduce the cost of each truck in terms of foreign exchange, thereby aiding China in conserving her foreign exchange resources for other wartime needs.

Speaking on the same occasion, Dr. H. H. Kung, president of the Executive Yuan and concurrently minister of finance, declared that the government was at present concentrating efforts on the development of resources and industries in the Northwest and Southwest, paying particular attention to industries connected with national defence. Szechwan will be the first industrial development district, in which efforts will be concentrated on the development of coal, oil and gas fields. The government, according to Dr. Kung, has already established in Szechwan an alcohol factory, power plants and chemical factories, while industrial plants under construction include paper mills and sugar factories.

All heavy industries, Dr. Kung said, will be operated by the government, which will assist private interests in the development of other industries, such as food production, cotton and weaving industry. He emphasized the importance of increasing the export of wood-oil, tea, fur and other commodities in order to obtain foreign exchange with which to purchase arms and ammunition.

New Ban on Opium

Despite the war, Gen. Chiang is resolved to end the opium evil in China. In a circular order to the various provinces in the Southwest, Gen. Chiang ordered that poppy-growing be totally prohibited by the end of the present year. Anyone found violating the ruling, the order warned, will be liable to severe punishment.

Chungking has a new mayor in the person of Gen. Ho Kuo-kuang. Gen. Ho was formerly director of the Chungking office of the Generalissimo's Headquarters and replaces Chiang Chi-cheng.

Under the leadership of Mo Te-hui, formerly director of the Chinese Eastern Railway, a group of 17 investigators who arrived at Kangting (Tatsienlu), capital of Sikong, last month, is now touring the various cities in the newly created province.

Press Censorship Plan For Britain Announced

The British Government is planning steps for a far-reaching censorship of the press in time of war, Sir Samuel Hoare, Home Minister, told newspaper representatives on May, 2 according to a *Transocean* message from London. He added that the Government was exchanging views with responsible representatives of the press regarding the measures proposed. The creation of what will be known as a "Ministry of Information" is envisaged to exercise censorship not only over the press, but also over radio broadcasting, the cinemas and other organs of publicity, the German agency said.

Nippon Kulangsu Action Threatens Grave Crisis; Vital Precedent Seen

FOREIGN SAILORS LANDED ON KULANGSU

A landing party of 126 bluejackets and marines, composed of equal numbers of American, British and French forces, was put ashore on Kulangsu on Wednesday afternoon. A Reuter message from Amoy stated that the Kulangsu Municipal Council had rejected the five demands submitted earlier by the Japanese Consul-General at Amoy—demands which included proposals for the reorganization of the municipal administration so as to bring it under virtual Japanese control. While the Japanese Consul-General was reportedly preparing a new "protest" to the Council, dispatches indicated that part of the Japanese Naval Landing Party was being withdrawn from the International Settlement

A serious crisis in the relations between Japan and other Treaty Powers in China appeared to be developing this week as Japan, rejecting representations on the subject, pressed far-reaching demands on the Council of the International Settlement at Amoy after having landed naval forces there on May 12 (Friday of last week) following the killing of Hung Li-hsun, president of the Amoy Chinese Chamber of Commerce, allegedly by a Chinese terrorist or terrorists.

Reports from London state that the British Government is determined to resist the Japanese demands, which, if conceded, would transform the International Settlement at Amoy into a Japanese concession and furnish precedent for similar action at Shanghai and elsewhere.

Warships Speed North

Soon after the Japanese landing on Kulangsu, the small 1½-mile-square island on which Amoy's International Settlement is located, Admiral Sir Percy Noble, Commander-in-Chief of Britain's China Station, left Hongkong for Amoy aboard his flagship H.M.S. Kent. British warships already at Amoy were the 9,000-ton cruiser H.M.S. Birmingham, and the destroyers H.M.S. Decoy (1,375 tons) and H.M.S. Scout (905 tons). The U.S.S. Marblehead, American light cruiser, departed from Tsingtao for Amoy, where she was due to arrive on Wednesday of this week. The destroyer U.S.S. Bulmer was already in Amoy.

Reuter messages from London said the British Government was considering landing a naval force in the Amoy International Settlement to back the Council in resisting Japanese demands and it was hinted that the United States might participate in such a landing jointly with the British naval forces. With the arrival at Amoy of U.S.S. Marblehead the two Powers, it was believed, would have at their disposal ample forces to constitute an effective landing party.

Japanese demands regarding Kulangsu were disclosed by the Amoy correspondent of the *Nichi-Nichi* chain of newspapers in a dispatch to Tokyo on May 15. They were submitted to J. M. Morehouse, British chairman of the Municipal Council of the International Settlement, by Goro Uchida, Japanese Consul-General, the previous day, and, according to the correspondent were as follows:

The Japanese Demands

1. Thorough-going control of anti-Japanese agitators.
2. Appointment of Japanese nationals to the posts of chairman of the Municipal Council, police commissioner and chief secretary of the Council, and increased Japanese membership on the staff of the Council.
3. The grant to Formosan residents of the right to vote and to be elected as members of the Council.
4. Appointment of Chinese ratepayers to fill three vacancies in the membership of the Council.
5. Cooperation between Japanese consular police and the Council police in searching for and arresting anti-Japanese terrorists.

Attempting to justify the landing on Kulangsu, the Japanese authorities in Amoy, according to a *Domei* report from that city, charged the Council of the International Settlement with a "grievous lack of sincerity." Despite several warnings to the Council, it was claimed, no real effort had been made to control anti-Japanese activities on the island and affairs had reached such a state "that agitators make speeches unrestrained."

Because of the prevailing threat to the security of "innocent Chinese people who were going about their business," the Japanese Naval Landing Party authorities found it impossible to rely upon the Council, it was asserted, and consequently Japanese forces were proceeding to hunt for the terrorists who shot Hung Li-hsun, president of the Chinese Chamber of Commerce.

The Council Protests

In a protest against the Japanese landing, the Council said it was difficult to regard the assault on Mr. Hung as a terrorist act unless evidence was produced. Doubt was also expressed as to the alleged necessity of landing Japanese marines for the protection of Japanese lives and property in Kulangsu.

The Council protested against summary arrests and searches made by Japanese armed forces in the Settlement and scored the action of these forces in hoisting Japanese flags at points in close proximity to Chinese positions on the mainland and exchanging fire with Chinese forces (Amoy proper, another island, was occupied by Japanese troops on May 12, 1938).

This protest was filed May 13. Three days later, on May 16, according to a *Domei* message from Amoy, Goro Uchida, the Japanese Consul-General, rejected the protest "in its entirety." The British Government has lodged a formal protest with Japan.

Chinese reports from Foochow early this week said that a regular reign of terror had followed the Japanese landing on Kulangsu, with more than 100 Chinese youths having been arrested and taken to Amoy. Their fate was unknown. The arrests were made in the course of house-to-house searches by Japanese marines, who were also reported to be interfering with the normal functioning of the municipal services.

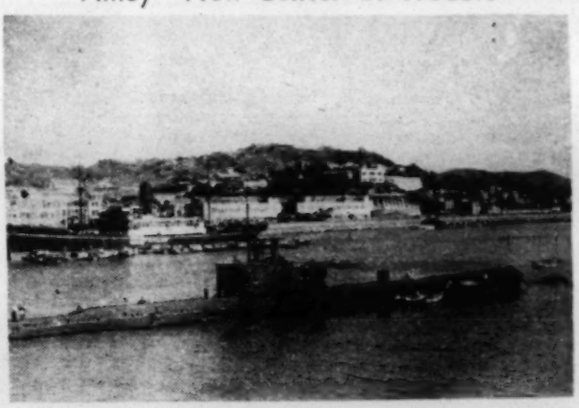
The day of the landing on Kulangsu (May 12) Japanese naval aircraft twice bombed Chinese positions on the mainland opposite the International Settlement. These positions, *Domei* said, were built behind the oil tanks of the Asiatic Petroleum Company. Another such bombing attack was staged on May 14, simultaneously with the issuance of a statement that the state of affairs on Kulangsu had improved as a result of the presence of the Japanese landing party. "Calm has been restored and peace and order are being maintained," Japanese naval authorities said, according to *Domei*.

London, Washington Reactions

Official circles in London were quoted by *Transocean* as saying that the Japanese landing did not of itself constitute any breach of treaty, but such a breach would be committed if the Japanese attempted to interfere with or change the administration of the International Settlement. According to the same source, Secretary of State Cordell Hull told press correspondents that he was not yet in position to judge the importance of the Japanese action because he had not then (May 13) received reports from U.S. diplomatic representatives in China.

Asked what action the U.S. Government would take if the Japanese took similar action at Shanghai, Mr. Hull reportedly said that the American authorities in China had instructions what to do in case of emergency.

Amoy—New Center of Trouble



This picture is of the harbor at Amoy, Fukien seaport city. Amoy, the main island shown here, was occupied by Japanese forces on May 12 last year. Last week, on May 12, exactly one year later, Japanese marines took virtual possession of the International Settlement on Kulangsu, a tiny island in the harbor which lies between Amoy and the mainland.

China's Foreign Minister, Dr. Wang Chung-hui, told press representatives in Chungking that the Japanese landing on Kulangsu was designed to test the attitude of the Powers by way of preparation for similar action in the International Settlement at Shanghai and areas with similar status elsewhere in China.

"This is not the first instance of Japan's total disregard for third-power interests in this country," Dr. Wang said. "We must realize that there is no other way for the Powers to safeguard their rights and interests in the Far East than by applying effective sanctions against Japan and other forms of reprisals."

Shanghai Atmosphere Still Remains Tense

The Japanese action at Kulangsu, and uncertainty as to whether the Powers will assert their determination to preserve the existing status of the International Settlement there, has tended to heighten the feeling of nervousness which Japanese demands and agitation has aroused in Shanghai lately. Questioned by correspondents at a press conference here on May 12, a Japanese naval spokesman admitted publicly the "possibility" that Japan-

Location of Kulangsu

The arrow indicates the position of Kulangsu between Amoy and the mainland.

ese forces might be dispatched into the International Settlement south of Soochow Creek "if a grave situation arose."

When asked whether Japanese forces would be sent to sectors manned by foreign troops, the spokesman replied that that would depend on circumstances, adding that he preferred not to discuss such an "unpleasant eventuality" beforehand.

Yoshiaki Miura, Japanese Consul-General at Shanghai, was recalled to Tokyo last week. He told pressmen in Kobe, according to *Domei*, that Japan was seeking a reorganization of the Shanghai Municipal Council along the lines laid down in Japan's fundamental policy for the establishment of a new order in East Asia. To settle the issue regarding the Settlement, he said, it would be necessary to remove the foreign pressure that is keeping China in the status of a semi-colony.

Questions requiring immediate attention, he was said to have declared, were the revision or abolition of the Land Regulations, strict control of anti-Japanese publications, changes in the status of the Chinese courts, and prohibition of the display of Chinese flags.

Britain Holds Key

Domei quoted well-informed circles in Tokyo as saying that Britain holds the key to reform of the Shanghai International Settlement. Since Britain's interests are the largest, her approval of suggested reforms would automatically assure the assent of the other Powers, it was claimed.

At a press conference on Tuesday of this week, a Japanese army spokesman announced the release of five Chinese kidnapped by Japanese military police from the Foo Lai Restaurant on Kwangse Road, in the International Settlement, on May 9. They were released, he said, for "lack of evidence." A questioner asked why, then, they had been "arrested" at all. The spokesman replied that there were ample grounds.

This kidnapping drew a protest from the S.M.C. in the form of a letter to the Senior Consul. The letter drew attention to the fact that the whole authority of the S.M.C. depends upon national authorities cooperating with the Municipal Police and scrupulously abstaining from interfering with their functions. It was further pointed out that the action in question constituted a breach of the understanding recently reached that only the Shanghai Municipal Police may function independently in the International Settlement. The chairman stated that on no occasion had police assistance been refused when requested for the purpose of investigating alleged acts of terrorism or examining persons accused of being connected with terrorist activities. In this case, no information was given to the Municipal Police before the arrests, and those arrested were not handed over to Municipal Police custody.

When announcing the release of the five Chinese, the Japanese spokesman denied this last assertion. He said the Municipal Police *had* been notified in advance, but that "arrangements went amiss regarding the time and place of the raid, causing a misunderstanding. The Japanese authorities regretted that this resulted in an apparent breach of the cooperative agreement."

Warning by Proclamation

On May 12 the Shanghai Municipal Council and the French Municipal Council issued a joint Proclamation threatening drastic punishment to any persons participating in the activities of political organizations in either of the two foreign-controlled areas. The full text of this proclamation, which was posted up all over the city, is as follows:

"From the beginning of the present hostilities the Authorities of the French Concession and the International Settlement have striven continuously to preserve the neutrality of the areas under their control so that law-abiding residents may continue with security to carry on their lawful occupations and so that the safety of life and property may be preserved for all persons irrespective of nationality. Activities of a political nature though regarded by those participating in them as being of patriotic character cannot legitimately be carried on in neutral areas whose neutrality is respected solely because of the existence of the Foreign Authorities of the Concession and Settlement, respectively. Associations of a political nature can accordingly not be allowed to operate in the areas under the control of the Authorities of the French Concession and the International Settlement. Their continued activities would in the opinion of the authorities concerned be inconsistent with that secure neutrality which it is their common object to preserve for the benefit of the whole community.

Denial of Sanctuary

"It is, accordingly, hereby proclaimed that any person participating in the activities of any such association either directly or indirectly may be denied the sanctuary of the Concession and the Settlement and will be liable to expulsion therefrom.

"Warning is also hereby given that the two authorities concerned may at any time without further notice take any steps that they may deem it necessary to take in order better to ensure the preservation of law and order. In particular a notification may at any time be issued imposing without further notice, if so deemed necessary, drastic curfew regulations.

"Finally, notice is given that the authorities of the French Concession and the International Settlement intend to take the most drastic steps within their power to punish any person who at this time commits any act prejudicial to the preservation of peace, order and good government."

A *United Press* dispatch from Washington on May 14 quoted informed quarters as describing the present diplomatic situation in Shanghai as the most grave since the outbreak of the Sino-Japanese war. Some quarters believed, the agency said, that Japan's action at Kulangsu might serve as a precedent for similar action at Shanghai.

Puppet Notes Banned by Inner Mongolian Puppets!

Federal Reserve Bank notes, issued in Peking, were banned from circulation in areas administered by the Mongolian Autonomous Government on May 15, *Domei* reported. This action was taken following a marked increase in the circulation of F.R.B. notes in Inner Mongolia consequent upon the increase in trade between Mongolia and North China. Holders of F.R.B. notes were urged to convert their F.R.B. notes into Inner Mongolian currency.

In October 1937, the Joint Commission of the Mongolian Autonomous Administration issued an order prohibiting the circulation in Inner Mongolia of all bank notes except those issued by its own bank, the Bank of Japan, the Bank of Chosen, and the Bank of Manchou.

The Bully of East Asia

This Chinese cartoon portrays Japan's destruction of the Nine-Power Treaty, symbolically represented by a woman whom the Japanese soldier has disembowelled with his bayonet.

300 Japanese to Leave for Spratley Islands

Led by Shinsaku Hirata, president of the Kaiyo Industrial Company, who developed the guano deposits in the Spratley Islands, off the east coast of Indo-China, 300 Japanese will soon leave Tokyo for the coral group, now renamed the Shinnan Gunto, following Japan's declaration of sovereignty over it on March 30, *Domei* reports, adding that the group intends to resume operations for the collection of guano. Hirata said he had set up a monument on Nagashima, or Tuaba, announcing Japan's effective occupation of the Spratley group when he was there more than 20 years ago.

American Chamber of Commerce Observing Foreign Trade Week

THE fifth annual observance of National Foreign Trade Week, sponsored by the American Chamber of Commerce, will be celebrated by Americans in Shanghai during the week of May 21-27, inclusive. In America, more than 1,200 Chambers of Commerce and trade organizations in all parts of the country are expected to participate in the special programs arranged under the sponsorship of the Chamber of Commerce of the United States, of which the American Chamber of Commerce in Shanghai is a member.

National Foreign Trade Week has been observed previously in 1935 with three hundred participating organizations, in 1936 with over six hundred, in 1937 with over one thousand and in 1938 with over twelve hundred. Because of the steadily increasing interest in foreign trade problems evidenced throughout the United States this past year, the number of organizations participating in 1939 promises to be even greater.

Act of Congress

Each year the observance is held during the week containing May 22, which by Act of Congress has been designated as "National Maritime Day" to commemorate the sailing of the steamship "Savannah" on the first trans-Atlantic round trip ever made by a steam-propelled vessel. "National Maritime Day" is the occasion in many communities for special programs devoted to the American merchant marine and associated subjects, planned by the Propellor Club of the United States.

National Foreign Trade Week may be said to have a two-fold purpose: (1) to direct attention to the foreign trade of the United States, its national importance and its relationship to domestic industry and trade, and (2) to stimulate local survey and development of foreign trade possibilities in individual cities and towns and in individual industries and trades.

"The fundamental ideal behind Foreign Trade Week is not only to stimulate exports of American goods, but also the importation of foreign goods into America," according to Mr. James M. Howes, Secretary of the American Chamber of Commerce in Shanghai. In the past, nations whose foreign status has improved have been foreign trading nations. In America, the observance of Foreign Trade Week recalls to the average citizen the fact that foreign trade does affect him and is important, particularly in view of the prevailing foreign trade policy of the present administration.

Accords With 22 Countries

The trade agreement movement, which is the keystone of the present foreign trade policy of the United States, represents the fruition of years of work by Secretary of State Cordell Hull and began operation on June 12, 1934, when the Trade Agreements Act became law for a three-year period. The United States now has tariff agreements with twenty-two countries and colonies, representing a "good neighbor policy" in striking contrast to the foreign policy of certain other nations competing for foreign trade. Foreign Trade Week will help recall to the average American citizen the implications of the Hull policy, as signifying trade reciprocity and the freedom of an individual in one country to trade with an individual in another country.

Further interest is attached to the local observance of American National Trade Week this year in view of the appeals for greater interest in trade with China, which are currently being made at the National Convention of the American Chamber of Commerce now being held in Washington. Mr. C. H. French, vice-president of the Shanghai American Chamber of Commerce, is strongly urging the National Convention to take increased interest in trade with China. Locally, American trade as affected by the present abnormal conditions in China will be the subject of serious study by American businessmen during this week. The fact that foreign trade between the United States and China is facing its most severe crisis since the establishment of the Treaty Ports, will heighten the importance of these studies.

National Foreign Trade Week will be recognized this year by the World's Fair at New York and the Golden Gate International Exposition at San Francisco. Not only have appropriate programs been planned in over 1,200 cities in the United States, but also the offices of the United States Department of Commerce, through 34 cities in the country, are cooperating with American Chambers of Commerce abroad to mark the occasion. In nearly every community one principal meeting is planned for the Week with honor-guest radio broadcasts, round-table conferences, including conferences between beginners in export and old-timers in export, frequently through the intermediation of the foreign trade committee of the local Chamber of Commerce or of the foreign trade club. Typical subjects discussed in conferences during past observances have been the following:

The importance of foreign trade to American factories, farms, etc.

Dependence of American industry and trade upon foreign countries for raw materials, tropical foodstuffs and other imports.

Relationship of American merchant marine to world trade and national defense.

Development of American branch plants abroad.

Financing of export and import shipments.

World monetary policy and foreign exchange controls, and efforts to modify them.

Investment of American capital abroad.

Foreign trade education and international interchange of students.

In Shanghai, the American Chamber of Commerce is sponsoring a series of special programs during this week. Local celebrations will commence on "International Good Will Sunday" with special services, emphasizing the peaceful value of international commerce, at the Marine Church, Community Church and the Navy Y.M.C.A. The next day, May 22, has special significance, being "National Maritime Day." A foreign trade tiffin will be held at the Y's Mens Club of Shanghai on Tuesday. Wednesday will see a special assembly at the Shanghai American School, when winners of the Chamber's prize essay will be announced.

Round of Events

The Rotary Club will hold a foreign trade tiffin on Thursday. On Friday there will be a tiffin in honor of students expecting to continue studies in America this year. The American University Club and the American Association of University Women will participate in this. Friday evening there will be a foreign trade dinner with special programs and entertainment, expected to be the major social event of the Week.

"It is characteristic of the observance of this Week that certain international organizations which adhere to the principle that trade is a fundamentally legitimate and mutually beneficial means of intercourse between nations are usually invited to participate," according to Mr. Howes, and this procedure has been followed accordingly in the Shanghai observance.

Officers of the American Chamber and Junior Chamber of Commerce in Shanghai

From left to right: R. E. O'Bolger, President of the Senior Chamber; Bruce S. Smith, Vice-President of the Senior Chamber; A. E. Schumacher, Honorary Treasurer of the Senior Chamber; J. R. Reed, President of the Junior Chamber; James M. Howes, Secretary of the Senior Chamber.

America's Stake in the Far East

BY DENNA FRANK FLEMING
(*Amerasia*)

WHAT is our economic stake in the Far East? Do we have any dollars-and-cents interest in East Asia which we ought to defend—must defend? Or will it be wiser to cease our resistance to Japan in that vast area and recognize the fact that she is master there? These questions are pressing for answer as never before. What we do, or do not do, in the next few months seems likely to be decisive for the future of hundreds of millions of people.

What does the Far East means to us economically? For generations American enterprisers have been lured by the prospect of a gigantic expanding market in China. If the 400,000,000 Chinese would only smoke one American cigarette a day, think what it would mean! Or if 25,000,000 of them could buy American cars or radios! Yet such a vast demand for American goods has never developed, and can never develop, until China is modernized under a stable, enlightened government.

Why Japan Acted

In recent years there have been plainly visible the beginnings of such a government for China, one that was attacking her ancient evils and laying the basis for a strong, unified nation. That is why hundreds of thousands of Japanese troops are in China, bombing her great cities, destroying her colleges and schools, driving her defenders into the back country. That is why 800,000 Chinese have already been killed by the Japanese and at least 30,000,000 made homeless wanderers. For the same reason the huge city of Canton is a deserted shell, occupied by Japan after weeks of heavy bombing. Because China was awakening, Shanghai, another of the world's greatest commercial centers, is sinking into a sordid welter of vice and crime, of filth and degradation promoted by the Japanese sale of opium.

Due to Japan's war to kill Chinese nationalism, the American businessman's dream of a great expanding Chinese market seems farther from realization than ever. Nevertheless, our trade with China has always been important to us. In the year that George Washington was elected President of the United States, fifteen American clippers were loaded with teas and silks from the musty godowns of Canton. From early years American whaling ships ranged the far Pacific, eventually leading us to compel Japan, in 1843, to open her doors —tightly closed for two centuries—for American ships continued to be shipwrecked on Japanese coasts and American sailors to be clapped into the stocks for invading the forbidden islands.

The Far Eastern Stake

For a century our trade with China has slowly increased, but not so rapidly as our commerce with Japan. In 1933, American business investments in China totalled $132,000,000—twice the comparable figure in Japan—to which should be added about $40,000,000 of Chinese obligations in default since the World War, some $30,000,000 worth of properties owned by Americans who live in China and approximately $40,000,000 in missions and charitable properties.

From these figures our investment stake in China would not exceed, at the outside, $242,000,000, while the amount of American money invested in Japan up to early 1936 was $387,000,000. Of this sum, but $60,000,000 represented business investments; the remainder was in Japanese securities, of which probably half have been repurchased at low prices during the depression, leaving the American investment in Japan at something like $220,000,000 at present. In 1936 the total of American investments in the Far East was $758,000,000 or only 5 per cent of our foreign investments. Obviously, we could lose this entire sum without injuring our national economy too gravely, though the losses would ramify back to touch large numbers of us who think ourselves not affected. Our investment in China is also small as compared with Great Britain's $1,189,000,000 (1931) and Japan's $1,137,000,000 (1931).

When trade statistics are analyzed Japan's recent predominance over China in our economic life is even more pronounced. In 1929, China took $124,163,000 worth of American goods and Japan $259,127,000. In 1930, the total of our exports to and imports from China was $226,000,000, while our trade with Japan was $443,610,000. In 1933, China's purchases here came to $51,941,000; Japan's to $143,434,000. In 1935, 43 per cent of our trade with the entire Orient, including India, was with Japan; only 14 per cent was with China. For many years Japanese trade has been from two to four times as important to us as our commerce with China. Moreover, our trade with Japan has been non-competitive, Japan taking our cotton in exchange for her silk.

In China's favor, however, it must be said that some of her products are more vital to us. Already the present war has caused a shortage of tung oil which is causing paint manufacturers serious inconvenience. Tungsten prices have already doubled and it is estimated that if we should be compelled to use carbon filaments in our electric lights, instead of tungsten, it would cost us $3,000,000,000 a year to produce the amount of light which we now use. Antimony, also, which is used in Babbit's metal and bearings, and as a hardener for lead in printers' type, storage batteries and shrapnel bullets, is another metal which comes mainly from China. A Japanese monopoly of these essential products might be a serious thing for us in the near future.

The Region of the Future

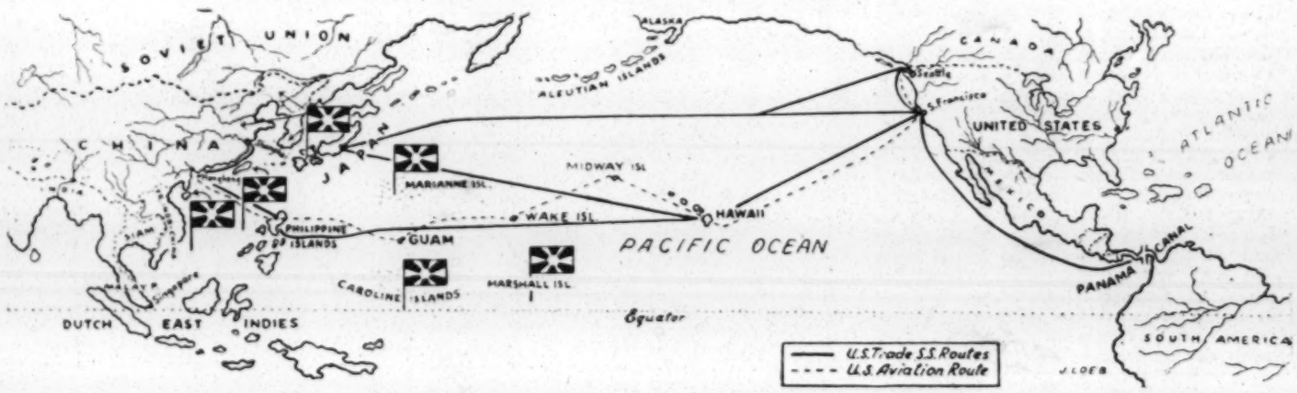
That our present trade with China, or with the Far East, is not worth a war is an easy conclusion. Yet the future importance of the Pacific in world trade should not be overlooked. Seven-tenths of the world's commerce still flows across the Atlantic, but the share of the Pacific is steadily rising. From 1913 to 1928 seven leading European ports increased their tonnage by 46 per cent and seven principal Pacific ports by 113 per cent. Shipping, railways, air traffic are all on the up grade in the whole Pacific area—or were before Japan carried death and desolation into the heart of China. The Atlantic ocean is still the trade center of the globe, but many students believe that the Pacific is the region of the future. The United States, also, is compelled by geography to be a Pacific power, whether she wills it or no.

Renunciation Not Easy

Furthermore, when it comes down to a renunciation of our existing economic stake in the Far East, the process is not as easy as it seems to the average sovereign American. Many of our isolationist pacifists have shouted loudly for the foolish Americans who live in China to come home, before they involve us all in war. Of the 15,000 Americans who were in China, all but 6,000 have evacuated. In the main, the men have stayed, because their properties and livelihoods are there. The war has largely destroyed both, with no insurance to collect, but what remains is all they have left. For most of these people there is no place else to go and nothing to live on if they did flee. Everything they have is in China and they cannot do other than stay until all is destroyed. And as outposts of American trade their destruction must affect income and employment here.

During the present war, the American Government has repeatedly urged its nat-

The Routes Along Which America's Far Eastern Trade Flows



ionals in China to leave, but it does not follow that we should wash our hands of those who do not depart. On the contrary, for our Government to fail to afford strong protection to those who feel compelled to stay in China is to incur grave dangers for the future, in all parts of the world. As Secretary Cordell Hull said in his letter to Vice President Garner: "In connection with the problem of affording appropriate protection to Americans in China, there must be kept in mind the fact that we have nationals residing in practically every country of the world and that every year some 200,000 of our citizens go abroad; that these include large numbers of students, teachers, religious leaders, laborers, executives, and merchants, men, women and children; that the number of Americans proceeding abroad for business purposes is not greater than, is probably less than, the number who go abroad for educational, cultural and philanthropic purposes, and that a policy of abandoning American nationals in any one part of the world would have inevitable and serious repercussions adverse to the legitimate rights of Americans and the legitimate interests of this country in other parts, in most parts, of the world."

Shortsighted View

Probably no war should ever be fought in the future as the result of a single "incident," the sinking of a *Maine* or a *Panay*, the shooting of an ambassador or the slapping of an envoy, but a policy of abandoning such parts of the earth as the predatory powers may fancy would be shortsighted indeed. When we are rapidly entering into an age of ever swifter communication and ever greater need of goods from every part of the globe, it would be a strange thing for the world's greatest nation to leave its citizens to the mercies of any and all who choose to set upon them. We have not invented for nothing the means of ranging over the whole earth in search of the things we desire and require. Every continent and every clime needs the products of our industry, as we need theirs. Broadly speaking, the world is still to be developed, and it is almost unthinkable that American inventiveness, initiative and ability shall not play its fair part in the immense undertakings which are to come.

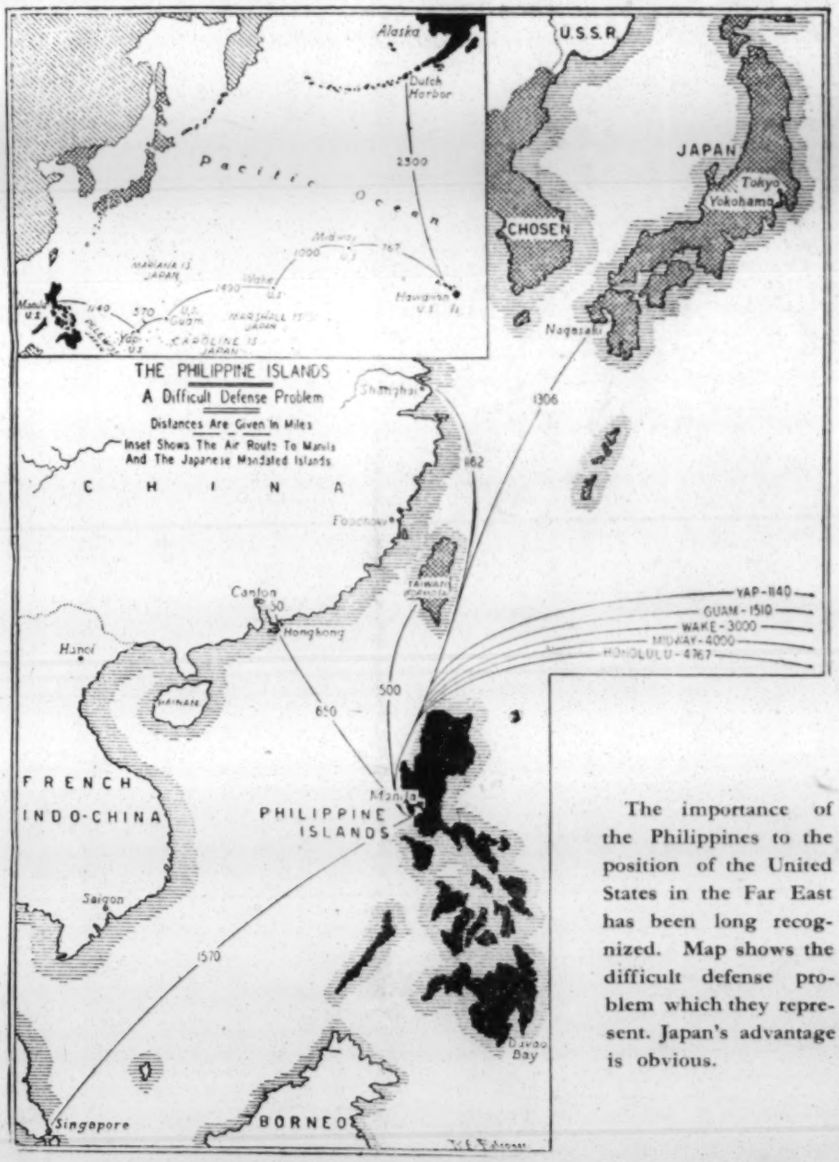
It is therefore a matter of the most urgent importance to us, as the world's leading commercial power, that Japan is in process of closing off the whole of East Asia as a preserve for Japanese exploitation and monopoly control. The Japanese purpose in China is too clear to admit of doubt. It has been demonstrated daily in Manchuria and China since 1931. The gradual forcing out of foreign firms, the establishment of Japanese monopolies, the seizure of control of all Chinese enterprises, the suppression of Chinese undertakings which conflict too much with industries in Japan, the enslavement of the Chinese people and their degradation by opium—they are the clear outline of Japan's endeavor. The talk of forcing China to join an anti-Russian Communist alliance is merely an attempt to find a justification. What Japan is doing is to make a huge colony of China, one in which the Chinese are to become the economic serfs of Japan. They are to remain a backward, subjected, agricultural people, paying tribute to Japan on every hand and sweating to pour into Japan the raw materials which will make her into a real industrial and military colossus.

Japan Offers Leavings

Unquestionably, American businessmen could share to an extent in the proposed wholesale looting of China. None of the fat of the land would go to them, but Japan desperately needs capital to develop more rapidly her gigantic new colony. She is willing to share the lesser gains with any American capitalists who will now come forward, everything to be on Japanese terms and subject to strict control, but nevertheless of benefit to our commerce. It might take a long time to recover the estimated $225,000,000 in trade with China which we have lost due to Japan's devastating attacks of the past two years, but there are returns to be had from teaming with Japan in the future exploitation of China—to the extent that German and Italian interests cannot help the Japanese. Where they can do so we may expect the Japanese to use them, and to turn all favors their way, rather than to us. The Japanese will prefer to share the spoils with the sympathetic totalitarians, who gave them indispensable political aid and comfort during the conquest.

Any hopes which we may have of tapping China's trade through Japan would seem to be illusory and hollow. Japan is now almost a full totalitarian state, in her ambitions as well as her economic practices. If we continue to help her to fasten her hold on China, there will be little but disillusionment ahead. It may seem to American cotton farmers and traders that it is better to try to hold on to the great cotton trade with Japan. With a huge surplus of unsaleable cotton already on our hands, how can we do without the Japanese market, our largest before the war sharply reduced it? But if Japan wins the war, the outcome which we may look forward to with perfect confidence is that Japan will compel so many millions of Chinese to grow cotton for her, at the world's lowest existence wages, that the Japanese buying of American cotton will soon cease entirely. As for the Japanese silk trade, which pays for their cotton purchases here, it will be seriously affected anyway, if we may believe the repeated authoritative announcements of the Dupont laboratories that a fully successful artificial silk has been perfected.

The Philippines—Pivot of U. S. Position in Far East



The importance of the Philippines to the position of the United States in the Far East has been long recognized. Map shows the difficult defense problem which they represent. Japan's advantage is obvious.

What Might Come to Pass

Yet the total loss of our cotton trade with Japan is only one of the smallest of the consequences of Japanese victory in China. If we continue to permit and assist the conquest of China, Japan will soon have a firm grip on the minerals and other raw materials necessary to become a tremendous military power. Eventually she will be able to challenge and perhaps defeat Russia, with German aid, taking

over the vast resources in the almost limitless reaches of Eastern Siberia. With China's coal and iron in her grasp, Japan can also build a navy which will make her naval competition with us a long drawn out duel of intense strain and mounting fear, comparable to the deadly naval race between Germany and Britain from 1905 to 1914. The real start of such a Japanese-American armament race only awaits the "pacification" of China by Japan. Once that is accomplished, nothing is more certain than that Japan will strain every nerve to become the giant on the sea that she will have become on land.

It is possible, too, that once her hold on China is firm she may choose to sweep southward before attacking the Soviet Union. Of late she has clearly been following the line of least resistance. A year ago it would have seemed an incredible effrontery to Great Britain that she should capture Canton and practically besiege Hongkong. Now that event is long past and Japan has already leaped far to the south by seizing the strategic island of Hainan, without suffering any of the "undersirable consequences" of which she was warned jointly by France and Britain, on June 27, 1938.

Japan Can Choose

If permitted to hold Hainan, Japan can choose whether she will take over Indo-China next, or the Philippines, before making her major thrust for the Dutch East Indies. Until she gets the Dutch islands the Asiatic empire toward which she is steadily plunging will lack the vital propulsion of a Japanese-controlled oil supply. This is the consideration which may be expected to dominate all others. On the day that Japan establishes control of the Dutch oil wells she will look forward with complete confidence to the naval control of the Pacific. On the same day, also, our vital supplies of rubber and tin from the Malaysian area will be at Japan's mercy.

After what has happened in the Far East since 1931 it cannot be too soon to look forward to the full consolidation of Japanese power from North (or South) Australia to Vladivostok, if not to the Arctic Ocean. At the present rate of advance such control could be accomplished within another decade, though the final results would be the same should Japan find it advisable to adopt a slower tempo. It is the business of statesmen to foresee, and the nation which will not let, or compel, its leaders to look ahead may expect to drift into deadly struggles for existence, or into impotent and futile surrenders such as Britain and France are now making in Europe, so long as the present era of international lawlessness lasts.

China's Victory Wanted

There can hardly be a reasonable doubt that the interests of the United States, including that greatest of interests, future security, would be served by a Chinese victory in the present war. If Japan is defeated, China will swiftly undergo a national revival the magnitude of which the world has never seen. The present splendid unification of the Chinese people would proceed swiftly, along with the rapid industrialization and development of the country. Then, to be sure, China would be no happy hunting ground for American or European concession hunters. Once master in her own house, China would use her resources for the benefit of her own people. But she would need and desire to receive aid from many sources, and as she became industrialized and modernized her standard of living would rise steadily, and with it the commerce of the entire world. No nation, unless it be Japan, is so well fitted as our own, by geography and equipment, to benefit from a freely developing China. No nation whatever has a tradition of friendship for China comparable to ours.

That tradition of friendship, too, is a tremendous asset which we should not let slip away from us. It may be that China is due to undergo a long night of suffering and ignominy at the hands of Japan, but the spark of nationalism has been struck in the Chinese people and it would be strange if in the last analysis, perhaps many decades hence, they did not win their independence. In such an event we may be sure that the memories of the Chinese people about our weakness and incapacity in their hour of need would be long and bitter.

But eventual Chinese success is a contingency on which we ought not to gamble. Japan may win through all along the line, and establish a long-time empire on our Western frontier such as even China in her long history has not seen. Now is the time of decision.

Our one chance to have a good neighbor on our West is to see to it that China wins her courageous fight for liberty now. If Japan wins decisively, we shall have before us an exhausting arms race, and the usual end of such a competition is war. If China wins, against the might of our economic power exerted on Japan's behalf, she may not be much more considerate of us than Japan.

Nor can we avoid the responsibility for a decision in this epochal crisis by inactivity. Every day that we drift helps Japan on the way to the mastery of East Asia, by the powerful aid of our oil, machinery, scrap iron, cotton and other indispensable supplies. We no longer have the excuse for continued drifting, either, that we are not quite certain that a world crisis of the greatest magnitude is upon us. The final rape of Czechoslovakia has removed all doubt on that score.

We have retaliated to this act of international brigandage, too, by levying almost prohibitive tariffs on German goods. The German trucks had hardly rolled away from the doors of the Czech national bank, carrying away the $80,000,000 in gold saved during twenty years of devoted labor by the Czech people, before the United States had levied economic sanctions against Germany—a retaliation long justified by the military and discriminatory trade methods of the Nazis.

Why All the Delay?

Our virtual trade embargo against the Nazis was richly earned. But Japan has acutally done far more to deserve our retaliatory action. The German conquest of the Czechs has been both despicable and brutal, but it has been a mild performance when compared with the gigantic campaign of slaughter and rapine which Japan has waged, and is still waging, in China. The effort of Japan to assert the unlimited rule of brute force is also more directly our own problem than the similar effort of Germany. That would not be true should France and Britain go under, but unless and until they do we have a screen between us and the European threat to take whatever Germany and Italy are strong enough to seize. In the Far East we have no such curtain of power between us and the Japanese attempt at world conquest.

What, then, delays the lifting of our tariffs on Japanese goods by 25 per cent, as in the case of Germany? Surely it is not because Japan has not applied totalitarian controls on her own trade and made every effort to strangle our business in China. The true reason may well be that Great Britain, France and the United States have not yet made up their minds to send enough war-ships to Singapore to block the Japanese seizure of the Dutch Indies.

But if the democracies are not yet ready to join in a long range blockade of Japan which would bring her great campaign of international brigandage to a slow but certain end, that unreadiness cannot justify the failure to take first steps to stop our economic aid to Japan and increase it to China.

The Chinese Government and people have confounded both Japan and the world by the unity and ingenuity of their resistance. But human beings alone can hardly hold out forever against Japan's mechanized terrorism, and against the hunger and disease which it breeds. It is high time that American aid to China passed out of the small change stage. The Chinese desperately need a steady flow of munitions, supplies and credits. They are also still able and willing to use them. Later, they may not be. But if not, the bill will be presented to us indefinitely, in the form of enormous unproductive expenditures for war equipment, in the form of continually shrinking markets, under the impact of Japan's conquests and the perpetual unsettlement which is inseparable from her drive for the overlordship of Asia. Nothing short of war itself is so destructive to healthy economic life as the perpetual preparation for and dread of war. In China today the sands which represent the hopes for peace of the 700,000,000 people who live around the Pacific basin are steadily running out.

Stalin Still Purging Ranks of Soviets

The Presidium of the Supreme Soviet of the U.S.S.R. has appointed Ivan Peresypkin People's Commissar for Postal and Electrical Communication, *Tass* reported May 11, without so much as a mention of the new incumbent's predecessor.

According to the German *Transocean* agency, which now stands almost alone in reporting Stalin's purgation activities, the republic of Azerbaidjan in the already purged and re-purged Caucasian region is undergoing a fresh "clean-up" following the discovery last January that additional "enemies of the people" had hidden themselves in the ranks of the now thoroughly anaemic Communist Party.

The same sources reported that following the dismissal of Maxim Litvinov from the Post of Foreign Commissar, the department which he headed is undergoing a drastic purge. M. Hirschfeld, who was Councillor in the Soviet Embassy in Paris and one of Litvinov's closest collaborators, was recalled to Moscow, where he was immediately placed under arrest.

Where is Troyanovsky?

Mystery meanwhile surrounds the fate of Alexander Troyanovsky, former Soviet Ambassador to Washington and previously to Japan. He was recalled to Moscow about nine months ago and has apparently disappeared. On May 10, Moscow announced that Constantin Umansky, charge d'affaires in Washington, had been appointed ambassador to the United States, but, in accordance with the new technique in reporting such matters, no mention was made of his predecessor, Alexander Troyanovsky.

Maxim Litvinov has reportedly accepted an invitation to deliver a series of lectures on contemporary history at Moscow University, according to *Transocean*.

The same source reported from Moscow that two professors of the Stalin Agricultural College at Alma Ata, in the republic of Kazakstan, recently committed suicide when they learned of the arrest of two deputies of the People's Commissar of Agriculture, who are supposed to have been engaged in a separatist movement. The Political Commissar of the College was assassinated by a nationalist student some time ago, the agency said.

Moral Rearmament and the Far Eastern Problem

BY MARGARET HICKS WILLIAMS

IN times of crisis phrases are born. Some have turned the tides of history. The opening phrase of *Magna Charta* turned England's. The non-resistance slogan of Gandhi has turned India's. The stern "They shall not pass" in the World War saved France from almost inevitable annihilation. The final words of Lincoln's Gettysburg address have become a part of the life-blood of America.

Today, while nation arms against nation, and in certain portions of the world actual warfare obtains, another phrase has been born out of the need of the hour. It is the phrase *Moral Rearmament*. Perhaps it, too, is destined to turn the tide of human affairs.

The phrase originated with Dr. Frank N. D. Buchman, founder and leader of the world-wide Oxford Group. On the occasion of his 60th birthday last summer, Dr. Buchman was asked to give a message from London by international telephonic connection to his native country, America. Speaking at this time, he said: "The world's condition cannot but cause disquiet and anxiety. Hostility piles up between nation and nation, labor and capital, class and class. The cost of bitterness and fear mounts daily. Friction and frustration are undermining our homes. Is there a remedy that will cure the individual and the nation and give hope of a speedy and satisfactory recovery? The remedy may lie in a return to those simple home truths that some of us learned at our mother's knees, and which many of us have forgotten and neglected —honesty, purity, unselfishness and love. The crisis fundamentally is a moral one. The nations must rearm morally."

Dr. Buchman Honored

Close on the heels of this message, a birthday dinner was given in honor of Dr. Buchman in the British House of Commons. At it, he used the phrase "Moral Rearmament" again, and it created so great an interest that, following the dinner, 33 members of Parliament of different parties united in a letter to the *Times* in which they said: "At a recent dinner in the House of Commons in honor of the founder of the Oxford Group, and attended by members of both Houses of Parliament, some account was given of a crusade for 'Moral Rearmament' which appears to be spreading rapidly, and to be proivding a common meeting-ground in many of the chief storm-centers of the world. We believe there would be general agreement among thinking men, however slight their acquaintance with the movement, that something of this kind is urgently required. . . . Anything which transcends conflicting political systems, and the antagonisms of party, class, creed, or race, deserves attention from rulers and people in every nation."

Many have styled the London *Times* the sounding-board of England. The call for Moral Rearmemant on the part of members of the House of Commons soon found an echo in the House of Lords. Almost immediately, Stanley Baldwin and sixteen senior statesmen, referring to "the striking letter in the *Times* last week by a number of Members of Parliament," declared: "The strength of a nation consists in the vitality of her principles. Policy, foreign as well as domestic, is for every nation ultimately determined by the character of her people and the inspiration of her leaders; by the acceptance in their lives and in their policy of honesty, faith, and love as the foundations on which a new world may be built. Without these qualities, the strongest armaments, the most elaborate pacts, only postpone the hour of reckoning. The real need of the day is therefore moral and spiritual rearmament."

Coincident with this appeal, two events of far-reaching significance were taking place, the Sudeten crisis in Czechoslovakia and a World Conference for Moral Rearmament in Interlaken, Switzerland. An aggregate of 42 nations sent 2,500 delegates to this conference. Day by day, as war clouds in Europe darkened, this gathering emphasized the root causes of world unrest and gave evidence of the cure of these causes at work in the hearts of men. One man there was the leader of 480,000 London unemployed. He declared that he had been a revolutionary for years, determined to give every hour of his life to bring about

"Excelsior"

Punch

"O stay," the maiden said, "and rest Thy weary head upon this breast."

a new world order, but had now found in the program of Moral Rearmament a basis of action which solved the social problems at their source by fighting the selfishness in people. The Foreign Minister of Holland declared that the spirit of Moral Rearmament must be the basis of Netherlands foreign policy with other nations. An Austrian nobleman, a Czech by treaty annexation after the World War, and in whose uncle's home the Sudetan party was formed, declared that minorities could serve two purposes, that of a constant irritant, or of a constructive bridge, and that he himself was pledged to the latter course.

Delegates from the Far East at this conference also had their say. Lord Addington, a Far Eastern expert in the British House of Lords, publicly stated that the selfishness of British foreign policy in the Orient, which he had had a part in helping to formulate, was deeply responsible for present troubles between China and Japan. "I am convinced," he said, "that if the Cross of Christ had been at the center of British policy in the Far East for the last 20 years, as it is at the center of our flag, there would be no conflict today between China and Japan."

A spokesman for China, an American living in Hankow for 34 years, the Rt. Rev. Logan Roots, apologized for his former partisanship towards China and his resentment towards Japan; while Mr. T. S. Mitsui, only brother of Baron Taka Kimi Mitsui, head of the Mitsui interests in Japan, who had postponed his return to Japan in order to attend the conference, publicly declared: "Moral Rearmament supplies the spirit of nation-reconciling. Its influence can and will contribute to the peace of our Eastern problems. I hope that I may help to build bridges between nations, based on absolute unselfishness, and free from pride and false reserve. The real cause of wars lies in the hearts of men, and we must learn to make men different if there is to be peace between nations. Heretofore, I have been a materialist and a non-Christian. For 1,500 years, China has made rich contributions to Japanese culture, and yet until I met the Oxford Group, I had always had the wrong attitude towards China. Now I am praying for the Chinese people and their leaders, Generalissimo and Madame Chiang Kai-Shek, because I know they are my brothers."

Endorsement by Nippon

At this same meeting on Far Eastern problems were read messages from the Premier of Japan, saying: "Believing necessity of Moral Rearmament for solution to world problems, sincerely hope for every success for your noble movement;" and from the Generalissimo and Madame Chiang, which said: "Glad focussing world attention on this all-important question of Moral Rearmament." Prior to this, a message to Dr. Frank Buchman had come on the occasion of his 60th birthday, saying "May God strengthen you to raise the four standards high." The four standards referred to are those of the Oxford Group: honesty, purity, unselfishness and love. The signature on the cable was H. H. Kung, Prime Minister of China.

So much for Interlaken. But meanwhile events were moving also in other parts of the world. In England, for example, the seriousness of the European situation, coupled with the demand on the part of outstanding members of both Houses of Parliament for Moral Rearmament as the basic answer to problems both national and international, began to find expression in other areas of Britain's life. The heads of Labor declared that "Labor in all countries, if true to its traditions of placing human and spiritual values before material things, can build bridges over national barriers and play a decisive part in the reconciliation of nations . . . Such was the dynamic of the best early labor leaders, and it must be again re-created. This is what Moral Rearmament really means for labor."

But what of the problems of the Far East? How is Moral Rearmament applicable to the problems of the hour here? In both China and Japan the call has gone out for Spiritual Mobilization. How much this call is made for purposes of producing greater military effectiveness in both nations, and how much to create more of fellowship and trust on the part of those elements in both nations which are convinced that Japan and China need to find a common basis of cooperation, is difficult to estimate. In a sense, the proportions of good motive and bad is irrelevant. It is for those in both countries who desire cooperation and fair play to infuse their government's call with this spirit, working constantly towards the day when those elements of spiritual statesmenship in both nations will triumph and lasting unity can ensue.

An Informal Conference

In Japan recently, representatives of 10 nations, including China, gathered at an informal Moral Rearmament Conference to discuss more fully the methods by which those elements in all nations concerned with the Pacific which are based upon greed or resentment, hate or fear,

can be eliminated, and those of trust, understanding, restitution and cooperation be multiplied. Speaking for America, yet in a sense speaking for all, former president of the Los Angeles Chamber of Commerce, George L. Eastman, said at this conference: "It becomes more and more evident that ultimate understanding between nations is not going to be brought about by peace treaties or international agreements. It must come through a change of the motives that drive men and nations. The next fifty years unquestionably will be a Pacific era, and it is here that world commerce and trade will find its greatest advance. We, the nations bordering the Pacific, must face the responsibility of determining whether the spirit that shall

Canard Enchaine

Robber: "Please attend to your own business. I'm only proposing a commercial treaty to him."

dominate this period will be one of distrust and greed, or one that will make for understanding and peace."

Among far-seeing men of affairs in both China and Japan there is great interest in Moral Rearmament, both as a possible avenue along which an understanding between the two nations might eventually be reached, and as a foundation for reconstruction after present hostilities cease. Quietly the spirit of M.R.A. is multiplying the constructive forces in both nations upon which, in future, a bridge of understanding and cooperation can be built. A Danish member of the League of Nations, himself an internationally-known construction engineer, said of the Oxford Group: "It is the greatest bridge builder in the world, bridging the differences between nation and nation, class and class, man and man."

In this spirit, every nation bordering on or with interests in the Pacific area can work for the underlying purposes of Moral Rearmament, well-expressed in the Oxford Group Bridge Builders' Song:

On sure foundations, build we God's new nations;
Strong and clear, tells each year, of new-bridged relations.
As land reaches to land, on a world-front will we stand,
And build together, what none shall sever,
Bridges from man to man, the whole round earth to span.

Taunggyi, Burma, May 6, 1939

Four U. S. Cruisers Ordered to Pacific

Four 10,000-ton cruisers belonging to the Atlantic Squadron—the Brooklyn, the Savannah, the Philadelphia and the Honolulu— received sudden orders from the Navy Department on May 11 to proceed immediately into the Pacific via the Panama Canal, *Transocean* reported from Washington May 11. With their departure, the Atlantic Squadron will consist merely of three relatively obsolete battleships, seven modern destroyers and a number of smaller units, the German agency said.

Franco Orders Book Purge in Spain; Stalin's Role in Strife is Revealed

A grim reminder of the type of regime established throughout Spain by the victory of General Franco was contained in a *Transocean* dispatch from Madrid on May 13 which reported the commencement of a drastic "purge" of books throughout that country by order of the Minister of Interior. No book published since July 18, 1936, which was the date of the outbreak of the civil war, may henceforth be sold or otherwise circulated without special authorization, the dispatch stated.

Another step taken by Franco's authoritarian regime has been the issuance of a decree invalidating all marriages contracted in the former Loyalist territory without benefit of clergy. A time limit has been set within which all couples thus wedded must go through a church ceremony or have their marriages declared null and void.

Stalin's Role Exposed

A striking expose of Dictator Joseph Stalin's contribution to Franco's victory in Spain is contained in the first of a series of articles by General W. G. Krivitsky, former head of the Soviet Military Intelligence Service in Western Europe, which appears in the April 15 issue of the *Saturday Evening Post*. Krivitsky broke with the Stalin regime in November, 1937 and is now living in the United States.

His first article deals with Stalin's decision to embark upon an interventionist policy in Spain and the manner in which this intervention was carried out. Krivitsky, because of his position with the Soviet Government, played a leading role in Stalin's machinations and is therefore able to record what actually happened from first-hand knowledge.

Stalin, he declares, decided upon intervention in the Spanish civil war, hoping thus to establish Moscow's influence on the Iberian peninsula and to use this influence in order to force Britain and France into a firm agreement with his government. His agents in this maneuver were instructed to act with utmost circumspection in order to conceal the Soviet role and to do nothing which might embroil the Soviet Union in war.

Ogpu Invades Spain

The essence of the task Stalin set himself, according to Krivitsky, was to prevent a Franco-Hitler-Mussolini victory, to dominate the Loyalist government by making it dependent upon Soviet arms and supplies, and to use this domination to prove the "respectability" of both Moscow and Loyalist Spain so that France and Britain might deem them worthy partners in some kind of alliance. To accomplish this latter part of the program, Stalin sent hordes of Ogpu agents into Spain to strangle all revolutionary tendencies on the part of the masses and to forge a totalitarian regime utterly obedient to Moscow's commands, while parading this "assistance" to Loyalist Spain as a contribution to the struggle of democracy against fascism.

The Moscow system of political assassination was transplanted to Spanish soil and opponents of the Stalinist policy were wiped out. Soviet arms were witheld from vital fronts manned by forces in opposition to Stalinism, particularly Catalonia and the Aragon front. A well-organized provocation was staged in Barcelona by Ogpu agents in order to furnish a pretext for wiping out all opposition to the Stalin-Negrin regime (May, 1937).

Fascist Victory in Spain

St. Louis Post-Dispatch

When, despite Stalin's grandiose efforts, it became clear that Britain and France preferred a Franco victory, Stalin gradually withdrew his intervention and left the the Loyalists to their fate. His agents were "recalled" to Moscow in droves to suffer the fate of all those who, having lost their usefulness to the Kremlin dictator, know "too much" to be left alive or at liberty.

Krivitsky reveals the interesting fact that Stalin succeeded in getting possession of a large part of Spain's gold against promises to deliver arms and supplies, which actually were only sent in niggardly doles and on condition that the Negrin government strictly carried out Stalin's wishes, especially in the matter of strangling any attempt at social revolution. The manner in which this gold was transported to the Soviet Union, and the secrecy which surrounded the whole operation, is one of the most dramatic sections of the story. In his next article, Krivitsky promises to reveal the facts regarding Stalin's frame-up and execution of the Red Army generals.

China's Refugee Millions, Stricken By Hunger and Disease, Call for Aid

BY AGNES SMEDLEY

THE JAPANESE MILITARISTS WANT THEM TO DIE!

"WE DO NOT WANT TO HELP THE WOUNDED CHINESE. WE WANT THEM TO DIE."

As reported in last week's issue of The Review (page 336) this callous statement was made by a Japanese naval officer to the physician-in-charge on board the relief ship Tembien which was proceeding from Shanghai to Ningpo with medical supplies and food to be used in succoring hundreds of Chinese in the Chekiang port city wounded by Japanese aerial bombs.

A Japanese destroyer halted the relief ship as it was nearing Ningpo. The physician-in-charge thought the vessel would be allowed to proceed to her destination when it was explained that she was engaged on an errand of mercy. The above-quoted remark was the answer he received and the Tembien was forced to return to Shanghai under escort without delivering her cargo or the 10 Chinese doctors and 21 nurses on board.

Editor's Note: The plight of millions of refugees behind the Chinese lines and the urgent need for organized relief and medical aid on a large scale are brought out in the following eye-witness account of conditions in the Yangtsze River valley region to the west of Wuhu, particularly in Fanchang hsien. The article consists of extracts from reports lately sent to Shanghai by Miss Smedley, who is a member of the Chinese Red Cross Medical Relief Commission.

I have just returned from a study trip through one of the war districts directly bordering the Yangtsze River. I passed through a part of Nanling hsien, through a few places of Tungling hsien, and then made a thorough trip through Fanchang hsien, a hsien directly bordering the Yangtsze, on the borders of which there are five different Japanese garrisons. This hsien lies just to the west of Wuhu, one of its western bordering towns being Tikang, now under Japanese occupation.

In the past December and January, the Japanese over-ran this hsien, occupying all the important towns, including the hsien city, Fanchang. Many villages were burned to the ground, and many homes of the people just to the north of Fanchang were also burned. Fanchang itself was bombed, many of the buildings still being heaps of ruins, among these the municipal government building. The number of people killed is not known to me; it seems no account was kept. Members and commanders of the Fanchang Self-Defence Corps (now called "Army") told me of killings in many places.

Murder—Just Like That!

The Spanish Catholic priest, Eduardo Larrea, the only foreign missionary remaining in Fanchang during the occupation and at present, said he of course saw no killings, but, he added: "Just outside the gate here they killed a woman as they entered the town; they killed her just as if she were a chicken." When the Japanese came and demanded admission to the mission compound inside which he had 150 Chinese refugees, Father Larrea invited them into his study and gave them what they demanded—sugar—and then escorted them to the gate. He said he did this to keep them from searching the mission compound and finding the women.

Most of the civilians evacuated the city as the Japanese approached. There was fierce fighting for weeks, and eventually the Japanese were driven back by the combined force of Chinese troops and the local Self Defence Corps. This Self Defence Corps consists of some 600 young men civilians, all in civilian clothing; cooperating with them are a few thousand other armed civilians, but their weapons are old muzzle-loading bird guns and swords. This civilian force lost heavily during the fighting. The 50th Army and the New Fourth Army, which fought with them against the Japanese at the time over a broad front, both took in many of their wounded.

Rufugee Problem Studied

I rode from village to village and town to town through Fanchang hsien, making a special study of the civilian refugee problem, of which I had heard. Thousands of these refugees had moved a little further to the rear, into Nanling and Kinghsien hsiens, but I had heard that the situation right near the front was most desperate.

My first encounter with a large concentration of refugees was in Tungling hsien, where I found some 500 men, women and children in one rather large town. The second was in Mujiatien, in Tungling hsien also, where I found 218 refugees living, as usual everywhere, in an old ancestral temple.

After Mujiatien I passed on through one endless line of human suffering. There was no temple without masses of refugees sleeping on the stone floor, with bits of straw under them. A few of the smaller temples had 50 to 60 refugees in them, the average however being 200. In one large village near Bufachen I found 1,000 refugees living in three or four temples and abandoned buildings. In Bufachen itself I found three temples each with around 200 refugees.

As we approached the Yangtsze River, the fighting zone, there were fewer refugees, because as many as possible had moved a few hours to the "rear." But right near the fighting zone, and now since the Japanese are driven back to five points, we found refugees right within a few li of Japanese positions. The last twelve families in the Catholic Mission compound of Fanchang hsien itself left a few days ago to return to their bits of farms, though all their homes and agricultural implements, clothing and other possessions were burned, destroyed, or their livestock and poultry eaten by the Japanese.

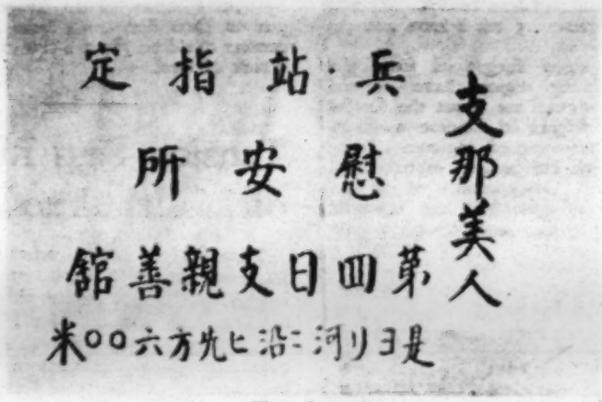
In estimating the possibilities of relief, it must be borne in mind that much land remains uncultivated due to its locating around Japanese points of occupation; in other places land remains uncultivated because the homes, agricultural implements, clothing, and livestock of the farmers were

Comforts for China's Wounded Soldiers

Photo by Mary Fei

An occasional ray of sunshine filters into the lives of China's valiant warriors whose lot is generally one of unrelieved hardship and suffering. Sunny-faced young girl soldiers are shown in the picture distributing gifts of food and clothing to battle-scarred fighters not far from the front lines.

JAPAN'S "NEW ORDER" IN EAST ASIA



(Translation)

Designated by the Base Camp Authorities
House of Restful Consolation
Chinese Beauties

No. 4 Hall for Friendly Relations Between Japan and China

600 Meters Along the Bank of the Stream From Here

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This photographed poster, advertising a brothel established by the Japanese Army, represents a standard type of sign adorning the streets of Nanking. It was displayed on North Chungshan Road, directly against a large girls' school and near Japanese military police headquarters, where it was photographed recently by a foreign resident. It is a vulgar mixture of Chinese and Japanese, disgusting to literate Chinese and presumably to Japanese civilians of any education.

destroyed by the Japanese. Even if the farmers return to their land, they have no agricultural implements, nor have they a shelter over their heads. They do not have food enough to live on until their crops are ripe. Relief is also affected because most of the rich people of the region fled before the Japanese occupation, taking their money with them, and have not returned because the situation on the Eastern front is as yet unsettled.

Beyond Description

It is difficult to describe the living conditions and health of the refugees, for there seem no words in any language capable of describing this. Near the hsien government—which is no langer in Fanchang—the temples which can be supervised and helped by the Committee on the spot are fairly well-organized and clean, with a "business manager" from the refugee group in control in each. This man, with other capable men among the refugees, is in charge of the administration of relief in their temples. However, even in these temples, as in all other refugee concentrations, there is absolutely no medical relief at all. Most temples are indescribably dirty and in a dangerous, insanitary condition, the refugees sleep on the floors on their old patched padded quilts, or on boards, benches, tables, or altars wherever there is an inch of space. The courtyards of the temple are piles of straw, old rags, fragments of decayed vegetables, mingled with green stagnant pools of water.

Terrible Scabies Scourge

Everywhere I found sick men, women and children lying in some bundles of rags. These was no sense in trying to learn the nature of their disease, for I had no medical supplies with me, nor am I a doctor. They suffered from every kind of ailment; from what the refugees and the sick men told me some cases were clearly typhoid, others pneumonia and dysentery. In my mind remains a general picture of scabies in every form, from the initial stages to scabies infections, with people lying sick in bed, unable to move, covered with open sores. I saw countless children with great open gashes of scabies on their necks, feet and hands. Everywhere babies were covered with scabies, many with red bleeding sores all over their faces that might be due to malnutrition. To my unutterable misery, mothers with diseased babies in their arms fell on their knees before me, crying and asking for medical care, pointing to their babies and to sick members of their families lying on their padded rags with high fevers. I learned that there was practically no family but has lost one or more members from sickness and disease since December. There are no statistics of death. It was clear that in summer cholera and typhoid can take root in the entire hsien, wipe out the refugees and other civilians, and dangerously affect the army as well.

The only doctor in the Fanchang hsien government is an old-fashioned Chinese doctor who deals in herbal medicine. He does not know the use of modern drugs. The only other medical forces are the sanitary units of the New Fourth Army companies and regiments. The New Fourth Army base hospital and field hospital are farther in the rear of this region—two days of hard marching as an army marches, over hills and mountains. The sanitary units in the army do only first aid work, seriously sick, or the wounded, being transported to the divisional hospital; and the most serious cases transferred farther to the hospitals in the rear. I talked with the sanitary workers in the army units and saw their medical supplies and records. Their supplies are not sufficient to take care of the refugees. Yet, wherever they are located, they give first aid treatment for scabies and other infections, for malaria, etc., to the civilians. For instance, the sanitary unit in one regiment cared for 100 men daily in its little clinic, 10 per cent of these being civilians.

The rear hospitals and the divisional hospitals of the New Fourth Army care for civilians wounded in air raids, and they take in local sick and wounded civilians, while the out patient departments are open to civilians and the armed forces. However, the units in the fighting field change their locations very often, they can never carry with them enough medicine to meet the needs of the civilians. Furthermore, the educational standards of these medical workers in these fighting units are not sufficiently high to qualify them for work among the refugees. Nor is it humanly possible for them to shoulder such a burdon as caring for over 74,000 civilian refugees scattered everywhere in the hsien. Medical workers whose specific job it is to do this work are urgently needed, and with them their own medical supplies.

Things That Are Needed

Magistrate Chang Mou-tao told me that he would indeed welcome qualified medical workers from refugee committees to come into this hsien for relief work. He told me that his Relief Committee did everything possible last year to keep down epidemics—but that was before the Japanese had occupied the hsien entirely, driving tens of thousands of refugees from their homes. This year his Committee cannot deal with this problem alone. They do not have the qualified medical workers, the money, nor do they have any modern medicine. What is needed in this one hsien is the following:

1. Money immediately for a minimum of food and for clothing for the aged, the children, and the women unable to work; and men who cannot find work.

2. Money to start small industrial cooperatives, to give peasant families small necessary sums to enable them to build a roof over their heads, buy some agricultural implements, and cultivate their bits of earth again. For industrial cooperatives there is enough raw material—cotton, tobacco, bamboo. In many villages and in Fanchang we saw many hand spinning wheels and looms, so that enough cloth can be produced to care for the region and regions beyond. Looms, spindles, and wheels can be made in the region. The 26 industrial cooperatives granted help by the Refugee Committee all moved to Kianghsien when the Japanese occupied the region. Deacon Wang and other members of the Refugee Committee are quite qualified in such work as this. But they lack money.

Medical Requirements

3. Modern medical workers are required simultaneously with basic medical supplies, such as cholera and typhoid sera (urgent), sulphur ointment for scabies, quinine, vitamin extracts; bicarbonate of soda, boric acid, gauze and bandage cloth, magnesium sulphate, very much bleaching powder, aspirin, bismuth subnit, sodium sulphate, simple dressing equipment (forceps, knives, scissors), kaolin, iodine, allinsol, argyrol, copper sulphate, tincture of opium or morphine tablets.

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A guerrilla army of 2,000 men have sent urgent request here for doctors and medical supplies. We do not have enough as it is. Of course they will get some medical supplies, but really, now with Nanchang in the hands of the enemy, the problem of

medical supplies from the interior is great. The problems become greater and greater. The demands upon us grow. We do not have enough doctors or nurses.

I wonder if you know that the Japanese have thrown three to four new divisions against this army south of Nanking and Chinkiang. As I write this, it is a moonlit night and I can hear Japanese artillery over the hills, pounding away. We are getting in new wounded—one of them this week was a Japanese, a fisherman. The Japanese wounded and the captives are strong, well-fed, well-clothed fellows. Chinese armies are undernourished, ragged, barefoot men. However, talks with the Japanese show that they were picked off fishing vessels, off miserable farms, out of taxis or factories and sent off, filled with lies—if anything—to China to kill.

Told Soviet Is Enemy

When the Japanese come they always think I am a Russian—they have been told, evidently, that Japan is fighting the USSR. Before long they mingle with the Army as do the Chinese. No guards watch them. In fact, they refuse to go back to Japan or to their own Army for they know they would be killed by their officers. They have also had enough of war. They are afraid to step out into any country here, two of them teach Japanese in the Training Camp, and all of them work in the Enemy Work Department putting out handbills and such things for distribution among the Japanese troops. A new captive came yesterday but I have not yet seen him.

This week three delegations from the Nanking-Chinkiang region have arrived here and interviewed me about the fearful problem of refugees in Chinese territory outside Japanese-occupied regions. These delegations came for medical supplies and for help. Also, the commanders of the various divisions came here and reported the same, saying they simply can't go on district because the common people would kill them They are young, untrained fellows —workers or students in their early twenties. They present anti-war plays in mass meetings carrying all the refugees on their backs. The food of the Army is often cut just in half because the number of tubercular men being sent here from the fighting units is so many that we dont't know how to cope with the tuberculosis problem. Most of it is due to inadequate food and clothing. I have talked for days with the delegations here and the problem is staggering. In Chianglinghsien, south of Nanking by one hour, there are 125,000 or so refugees from the occupied zones. In Tanyang region there are many more: in Kintan about 200,000. Other thousands are down around every Army unit. From all I can learn by talking, many of the refugees could be put on their feet by a little money; carpenters could be given a few tools, peasants a sack of seed.

Victims of War in Fanchang Hsien

These pictures taken by Miss Smedley are of refugees in Fanchang hsien, Anhwei province, which the author has been visiting lately, while the photo at right (below) shows Chang Mou-tao, hsien magistrate and chairman of the local Refugee Relief Committee (the taller man) and Ching Yin-pu, vice-chairman of the Committee and leader of the Mass Education Movement. The scabby condition of the child refugees, due to poor conditions, is illustrated by the photo at top left.

Tension Said Rising on Manchukuo Border

That Soviet-Japanese relations are still far from amicable, despite the agreement reached last month on the thorny fisheries question, was indicated May 14 in a *Domei* dispatch from Hailar which said tension was mounting along the western frontier of Manchukuo due to border clashes. A regiment of Outer Mongolian troops were allegedly being held in readiness to march across the border at Soktson, on the Khalka River, following three reported invasions of Manchukuo territory by Outer Mongol cavalrymen a week previously, the agency said.

On May 15 the Hsinking government protested to the Outer Mongolian government at Ulan Bator against these alleged incursions and demanded immediate evacuation of Manchukuo territory, the agency said. The same day, Manchukuo troops, assisted by a squadron of airplanes, attacked the invading Mongols and drove them back across the border after inflicting heavy losses, according to a *Domei* message from Hsinking.

Sakhalin is Discussed

Questions concerning Japanese concessions in North Sakhalin were discussed in Moscow May 14 between V. M. Molotov, newly-appointed Commissar of Foreign Affairs, and Shigenori Togo, the Japanese Ambassador, the same agency reported. Relations in general between Japan and the Soviet Union were also a subject of discussion.

Meanwhile, there has been a spate of Japanese propaganda on the subject of alleged Soviet assistance to China in the current hostilities. The Tokyo *Nichi-Nichi* on May 13 published a dispatch from its Warsaw correspondent alleging that as the result of a secret Sino-Soviet agreement the Moscow government would lend China $400,000,000 for the purchase of munitions and also half of the $100,000,000 capital required to establish a Sino-Soviet arms importing company.

On May 15, a *Domei* report from Harbin said that 300 Chinese pilots were receiving training at a Soviet aviation school in Ili, Sinkiang province, and that 50 full-fledged Chinese pilots trained in the school were being sent to Chungking to take charge of the reorganization of the Chinese air force.

Manchukuo's Big Plan

Ambitious plans for the development of Manchukuo's border regions at a cost of $1,000,000,000 were announced by *Domei* from Hsinking on May 16. An outstanding feature of the plans, to be executed parallel to the Five-Year Industrial Plan of the puppet state, is to be the introduction of collective farming after the Soviet model over an area of 370,000 hectares, the agency report stated. Another feature of the plans is to be the construction of 7,000 kilometers of motor highways and the improvement of 5,800 kilometers of existing roads.

American Trade Now Paralyzed in Hankow

BY OBSERVER

THE capture of Hankow by the Japanese provided them with another opportunity to further their military and economic penetration into the heart of China. Hankow shared the fate of all the bigger occupied cities of China, Shanghai, Peiping, Tientsin, that is to say, organized robbery, looting, killing of innocent Chinese and, as usual, the complete exclusion of foreign interests from the Yangtsze.

The Wuhan tri-cities, Hankow, Wuchang and Hanyang, located about 600 miles up the Yangtsze at its confluence with the Han River, were formerly one of the most industrialized financial and commercial centers in China, with a net of communications radiating into the interior as well as outwards to the open ports through which flowed important Chinese export goods and foreign imports.

Prior to the Japanese occupation of Hankow, the United States outdistanced other countries in being the largest exporter to Central China. These exports, consisting chiefly of manufactured articles, were exchanged for imports of highly desirable raw materials, vitally necessary to American mills and manufacturers, such as wood oil, tea, egg products, hides and skins chinagrass, gallnuts, bristles, cotton and minerals. American vested interests in China, through this exchange of exports and imports, were providing employment to many at home whose livelihood is dependent upon the China trade.

American Trade Declines

Today, the Japanese monopoly machine behind the army is threatening to eliminate all American activity from the Central China field. According to authoritative statistics, by December 1938, American sales to China, as recorded by the Chinese Customs, had dropped 60 per cent below the level which prevailed just prior to the commencement of hostilities, while Japan's recorded sales had jumped 31 per cent. The Yangtsze River, main trade artery of Central China, has become virtually a Japanese river, on which only ships flying the Rising Sun flag can navigate.

The American Chamber of Commerce at Hankow reported recently that more than 3,000 Japanese vessels arrived in Hankow the first month following the occupation of the city. These ships carried not only the usual Imperial subjects trailing the Japanese army, such as merchants, ronin, prostitutes, etc, but also so-called "military supplies," in reality Japanese trade goods, which did not pass through the Customs. The Wuhan tri-cities are flooded with Japanese tinned and bottled goods, photographic supplies, rubber goods, cosmetics, Asahi beer, textiles, etc. It has been estimated by foreign residents of Hankow that the stocks of these goods are sufficient to provide the needs of the population of the Wuhan tri-cities for at least one year. Japan thus now holds first place as exporter to Central China, while normal exports to the United States, except for very small quantities, have been almost completely stopped. Further statistics reveal that the total value of exports from Central China to the United States in 1938 were only one-fourteenth of the value of the 1937 declared exports, and only one-fifteenth of those in 1936.

Prior to the Japanese occupation of Hankow, the industrial development of the Wuhan cities had been increasing rapidly. During the first eight months of 1937, Central China was enjoying its most prosperous foreign trade since 1930. The majority of American concerns which were actively engaged in trade in the Yangtsze delta are branches of direct representatives of large and influential American manufacturing and business houses. At the outbreak of the Sino-Japanese hostilities, the United States and other foreign nations were just beginning to realize the fruits of decades of pioneering effort in the promising awakening of China, along industrial lines. Hankow, often called the "Chicago of China," was the most important interior collection and shipping point for export trade for a vast region about half the size of the United States. Chinese export products shipped down from the regions west of Hankow and from the interior of Szechwan Province, were bought at Hankow by exporters who could purchase them freely and export them freely via steamers down river to Shanghai and thence to the United States and other points.

This trade was going on quite actively up to the time of the seizure of Hankow, despite the fact that the Yangtsze was partly closed during the river campaign. The Canton-Hankow Railway, which was kept in operation by the Chinese until last October with the very briefest breaks, despite daily bombings of severest intensity, was the chief means of transportation at this time. Other means utilized, when shipments over this railway became impossible, were highway routes mainly through Yunnan Province, and the Yunnan Railway, definitely limited, however, as to hauling capacities.

For a time before the Yangtsze River campaign trade on river steamers as far as Chinkiang was also carried on below Nanking in ships flying neutral flags, and thence via barges to Shanghai and points below the Kiangyin boom, where it could be picked up by other steamers. There was a considerable flow of traffic from December, 1937 to June, 1938 but this was stopped after the fall of Hsuchow in the north and the floods of the Yellow River. Thus from June, 1938 to the fall of Hankow the Canton-Hankow Railroad had been the only real means of ingress or egress. It is estimated that by this route some 60,000 tons of export cargo, other than cotton and minerals, went forward, indicating that prior to the fall of Hankow there was actually no decrease in the ordinary European and American trade. Nor was trade curtailed because of lack of cargo, as indicated in the fact that in the case of Hankow's principal product, wood oil, the available supply actually exceeded the demand. The Chinese government found it imperative at this time to impose certain war measures regulating trading, and to enter into competition with private trade, but this was balanced favorably for foreign traders by the granting of railway facilities, extension of credits and war insurance.

A Dead City

Today, six months after its occupation by the Japanese, Hankow is a "dead" city as far as foreign trade is concerned, cut off from its vast hinterland by lack of communication and by the Yangtsze closed to foreign shipping. No airplane service is opertaing out of Hankow except Japanese army and navy planes. Although the Peking-Hankow Railway is operated from Hankow northward to Sinyang, Honan, by the Japanese for military purposes, it is reported that beyond that point the line has been practically obliterated. The Canton-Hankow line is used for Japanese military purposes from Wuchang southward

(*Continued on page 389*)

The Market of 400 Million Customers

Shall it be closed to non-Japanese trade?

Military Situation in North Hupeh Described; Japan Claims Discounted

"Japanese forces in northern Hupeh have failed in their attempt to encircle the Chinese forces in the mountains situated east of Siangyang, where heavy fighting is continuing and where a state of confusion, similar to that during the Shansi fighting, exists," a Chinese military spokesman declared at Chungking on May 16.

"The main Chinese and Japanese line in northern Hupeh and southern Honan," he added, "runs through Tungpeh, in the north, down to the Tahung Mountains, via Suihsien, and then to Chungtsiang in the south.

"The Japanese are making a flanking movement, their right wing moving to the northwest from Tungpeh towards Tangho, in Southern Honan. At the same time, their left wing is moving northward from Chungtsiang towards Sinyeh, east of Siangyang.

Cavalry Advance

"Part of the Japanese left wing, composed of one brigade of cavalry, advanced northward along the east bank of the Han River, in the direction of Tangho in order to meet the Japanese right wing. At the same time, another Japanese left wing detachment moved eastward from Sinyeh in the direction of Tsaoyang.

"Japanese forces occupied Tangho on May 12. Chinese forces, with their base at Nanyang, in southern Honan, immediately moved southward and attacked the Japanese at Tangho, recapturing Sinyeh on May 11 and Tangho on May 14. The Japanese troops then withdrew to new positions south-east of Tangho.

The Japanese right wing immediately rushed reinforcements to the Tangho sector, where heavy fighting was progressing. At the same time, Chinese forces on the west bank of the Han River crossed in the vicinity of Shayang, moving eastward along the Ichang-Hankow highway, and exerting pressure on the Japanese rear.

Claim Positions Held

"Chinese forces," concluded the spokesman, "are holding on to their positions in the Tapieh and Tahung mountains, where the effectiveness of Japanese artillery and mechanised units and aircraft is much reduced."

It is claimed that the Chinese troops in the North Hupeh mountains can hold out indefinitely, as they have done in the Shansi mountains. It is further emphasized that the situation at Siangyang is easing as there are no Japanese troops on the west bank of the Han River.

The statement of the Chungking spokesman contrasted with the jubilant tone of Japanese military dispatches a few days earlier, which claimed that Japanese troops had outflanked nine Chinese divisions in northern Hupeh and were threatening them with complete annihilation.

All press reports agree that exceptionally heavy fighting is going on in northern Hupeh at the present time, but the Japanese objective has not been made clear, although it is assumed that they will endeavor to capture Ichang, Yangtsze River port lying just outside the famous Gorges.

In a period of 11 days from May 2 to 13, according to a *Domei* message from Hankow, an aggregate of more than 1,000 Nippon airplanes took part in more than 250 operations on the northern Hupeh front during which they unloaded about 250 tons of bombs on Chinese positions. No opposing Chinese aircraft took part in the battles, it was claimed.

Another report from the same source on May 14 claimed that the Japanese had "disintegrated" and put to rout 26 Divisions and two mixed brigades in the recent military drive.

Million Troops Engaged

From Tokyo, on May 11, came a report that fully one million Japanese troops are now operating in central China on fronts north and South of the Yangtsze River, which forms their only line of communication and on which they are entirely dependent. This was according to Rear-Admiral Masao Kanazawa, chief of the Publicity Bureau of the Navy Office, who was endeavoring to explain why the Yangtsze still remained closed to foreign shipping. Japan's huge army, and the task of provisioning it, was the reason why the river was so congested with Japanese transports, he stated. Restrictions on non-Japanese shipping were a matter of strategic necessity, he contended, adding, however, his "confident belief" that the river situation would improve "before long" as relations between Japan and foreign powers improved and when Japan had attained her objective, i.e., the overthrow of the Chiang Kai-shek regime.

Chinese Women Aid Men at Front

Photo by Mary Fei

This striking picture shows a contingent of Chinese women, organized and given military training in Chungking, so that they may aid the men folk on the battle line. Here they are seen marching off to the front—as neatly dressed and orderly a unit as was ever photographed.

Asia Life Reports Good Business in 1938

Profits of the Asia Life Insurance Company, an American firm of which C. V. Starr is the head, amounted last year (minus dividends paid to policy-holders) to $134,218.92, it was reported at the annual meeting week before last. During 1938, the company wrote insurance totalling $16,498,803, or almost $5,000,000 more than in 1937. Insurance now in force totals $101,753,581 with total assets at $16,884,957.63. The company reported a decrease in business in Chinese territories, which the directors believe desirable in view of the present war circumstances, but this decrease was counter-balanced by increased business in Hongkong, Malaya, the Netherlands East Indies and the Philippines.

Rockefeller Foundation Spends U.S. $325,000 Here

Sums totalling U.S. $325,000 were expended by the Rockefeller Foundation in China last year in the form of grants and stipends for cultural and scientific researches, Raymond B. Fosdick, president, stated in his annual report, which was released for publication here recently.

In support of various rural projects, the Foundation contributed a total of over U.S.$170,000, besides the granting of U.S.$60,000 for fellowships and of U.S. $10,000 for research and developmental aid in this country.

In addition to the appropriations for its ordinary China program, the Foundation gave U.S.$85,000 to the Associated Boards for Christian Colleges in China for emergency aid to mission institutions.

Alien Registration in Japan Said Successful

Japan's first registration of aliens, carried out throughout the nation from May 1 to May 10, was believed to have been "highly successful" with very few foreign residents failing to carry out the prescribed procedure, *Domei* reported from Tokyo May 13.

A random sampling of registrations at police stations in Tokyo located in precincts where there are numerous foreign residents, showed that registrations varied from 97 to 100 per cent of the total number of aliens living there. Those who failed to register so far did so because of illness or because of absence, it was believed. Police said that they would not prosecute persons who had failed to register so far if they did so promptly, but would seek the deportation of any alien who purposely refrained from registering.

Is the U.S. Trade Position in China Valuable Enough to Rate Defense?

BY JOHN AHLERS

MUCH has been written on American trade interests in China and Japanese encroachments upon these interests. The public in general, however, as yet does not appear to be fully acquainted with the extent and structure of America's China trade. Since the outbreak of the Sino-Japanese war, the turnover of trade between the United States and China considerably declined in volume and value. Nevertheless, the United States' share in the foreign trade of China during the first quarter of this year was still a little larger than one-sixth.

Chinese imports from the United States in January-March, 1939, totaled G.U. 20,000,000 and formed 17.3 per cent of the total imports of China. Exports from China to America during the same period were valued at C.S $32,200,000, i.e., 16.5 per cent of all China's exports. These figures fail to suggest the huge extent to which the balance of America's China trade is actually in favor of the United States, since the Chinese Maritime Customs continue to calculate import values at pre-war exchange rates, but established export values at current exchange quotations.

As expressed in American currency, China's imports from U.S.A. during the first three months of 1939, were valued at U.S.$14,400,000, while Chinese exports to the United States amounted to only U.S.$5,200,000. Thus the United States secured an export surplus of U.S.$9,200,000 in its China trade during the period under review, with the value of American exports to China surpassing almost two times that of American imports from China.

Fallacious Contentions

Those who pretend that American business interests in China are not worth the effort of a firm stand against Japan's attempt to close the Chinese markets to other nations' goods, have frequently tried to minimize the importance to the United States of America's China trade. It also has been alleged many times that America's China trade is dominated by a few mammoth concerns, and that the American people in general have little interest in maintaining free access for American goods in China. Such allegations are at variance with the facts.

Actually, the foreign trade returns of the Chinese Maritime Customs show that it is still the American farmers who are getting the most out of the United States' export trade to China. Of the U.S.$ 14,400,000 worth of such exports during the first quarter of the current year, products of American agriculture and forestry constituted U.S.$6,700,000. Chinese imports of American mineral oils amounted to another U.S.$3,000,000 while finished industrial goods accounted for the bulk of the remainder of this trade.

A Profitable Market

In China's agricultural imports from the United States, raw cotton, wheat and wheat flour dominate. These are exactly those goods in which there is a huge surplus of supply in North America, the disposal of which in foreign countries forms one of the main problems occupying the Washington Administration today. Substantial export subsidies have to be considered to open up new markets for American cotton and wheat abroad. No such subsidies, however, are needed for cotton and wheat exports to China which on the opposite side of the Pacific presents an easy and profitable market for these two commodities.

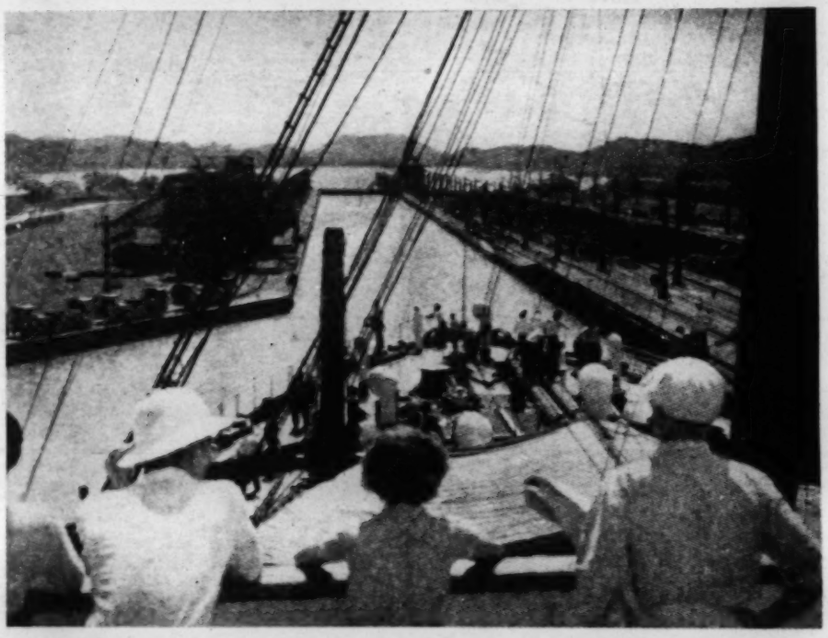
In January-March, 1939, China purchased in the United States U.S.$ 1,700,000 worth of raw cotton. About 22 per cent of the Chinese demand for foreign cotton was covered in the United States. Chinese demand for American cotton is liable to continue since the present state of affairs in war-torn China makes the cotton mills in the Chinese coastal ports dependent chiefly on the supply of foreign raw material. Still much more American cotton than was actually sold in China could have been sold, had it not been for the many obstacles placed in the way of non-Japanese imports in those large parts of China which have come under Nipponese control

Besides cotton, the United States sold to China, all during the short three-months' period under review, U.S.$ 1,250,000 worth of wheat flour and U.S.$ 1,000,000 worth of wheat. Of the Chinese demand for wheat flour, the United States covered no less than 50 per cent. In Chinese imports of wheat, the American share was 40 per cent. Most of this wheat and flour had to be disposed of in China's sea ports. There is a huge demand for foreign wheat and flour in large areas of the interior, with over a hundred million Chinese people in need, but the Japanese continue to refuse foreign traders free access to this market, in particular through the closure of the Yangtsze Valley.

Another large item in American agricultural exports to China is tobacco. Most of the cigarettes manufactured in China are blended with American tobacco. In January-March, 1939, China imported from the United States U.S. 2,250,000 worth of tobacco, mostly tobacco leaf. The bulk of this tobacco was disposed of in Shanghai.

Industrial exports from the United States to China are led by mineral oils and oil products. In the monthly average of the current year, China purchased about U.S.$ 1,000,000 worth of such oils and oil products. Kerosene is first among these sales, with gasoline and lubricating oils following suit. Approximately 40 per cent of the present Chinese demand for minerals is being covered in the United States. A substantial share of almost 30 per cent also is maintained by the United States in China's imports of metal. American metal imported to China during the first quarter of this year was valued at U.S.$ 1,300,000, with tinned plates forming more than one-third of these imports. American motor vehicles, chiefly motor trucks, form the remaining important item on the list of American exports to China.

Panama Canal—Vital for American Trade



Linking the Atlantic and Pacific oceans, Panama canal is of immense strategic importance, not only from the military-naval point of view, but also for America's trade with the Far East. President's Roosevelt's defence proposals, recently enacted by Congress, provide for the strengthening of the fortifications which guard the vital waterway.

Mineral oils form the only major American commodity the value of whose exports to China has not substantially suffered from the Sino-Japanese war. This is partly due to the fact that the Japanese themselves are purchasing American oils in China. There is, however, a grave potential danger to this American market in China. The American oil companies have lost free access to the interior of the Japanese-occupied areas, where their retailing apparatus built up over decades with great expenditure, have been practically destroyed. It is no longer the strength of American salesmanship, but the good pleasure and the immediate advantage of the Japanese which determines whether American or other oils will be provided for these areas in the future.

The Chinese markets for American agricultural produce have been considerably reduced by the new Japanese conquests in China. Moreover, the Japanese are at present enforcing new measures threatening the future of these American exports in the territories in question. Increased cultivation of raw cotton, for instance, is being forced upon the unwilling farmers

(Continued on Page 394)

U.S. and Britain Protest Chungking Raids as Capital is Bombed Again

VIGOROUS oral representations to the Japanese Foreign Office against the aerial bombing of Chungking, Swatow, Ningpo and Foochow were lodged last week by Mr. Joseph C. Grew, Japanese Ambassador, according to an announcement in Washington May 13 by Secretary of State Cordell Hull. The new protest, it was revealed, was based upon "humanitarian grounds."

Secretary Hull said the protest was in line with American abhorrence of the bombing of defenceless men, women and children, pointing out that a majority of the cities and towns bombed by the Japanese are virtually unfortified and contain no important military objectives.

Sir Robert Craigie, British Ambassador in Tokyo, called on Foreign Minister Hachiro Arita May 12 with a similar protest on behalf of the British Government relating to the Chungking bombings, mentioning in particular that the Japanese air raids had been conducted in a manner which imperilled the lives of the staff of the British Diplomatic Mission and the Consulate-General in China's provisional capital.

Flat Rejection Predicted

A *Domei* message from Tokyo May 15, quoting "well-informed circles," predicted flat rejection by Japan of the British and American protests. Rejection, they said, would be based on three points, as follows: (1) That Chungking, the seat of the Kuomintang

Pictures of the Recent Air Raids on Chungking

Photos by Mary Fei

Above (left) a raging fire started by incendiary bombs sweeps down Chungking's main street, which parallels the Yangtsze River. At right firemen are seen investigating the wreckage of a bombed building. A 300-pound bomb was dropped here, destroying eight houses and killing 300 people. Center (left) F. Tillman Durdin, New York Times correspondent, and R. C. Pierrard of the Havas Agency are seen running up to a bombed house less than three minutes after it was hit, hoping to render aid to the unfortunate occupants. At right, volunteers are fighting the flames by primitive methods—carrying buckets of water to throw on the inferno. Lower (left) a victim of Japan's "New Order" is being carried away on a stretcher. Right, more victims.

Government, was not an "open" town as claimed, but was defended against air attacks by at least 12 anti-aircraft guns and 60 anti-aircraft machine-guns as reported by the *United Press* in a dispatch dated Chungking May 1; (2) that any damage sustained by foreign consulates in Chungking as a result of the Japanese air raids was "regrettable but unavoidable" as the Japanese aircraft had to return the fire directed at them from Chinese batteries mounted near foreign consular buildings to silence them; (3) that the foreign governments should demand that the Kuomintang authorities remove Chinese military establishments from the vicinity of foreign property in order to avoid damage that is "often concomitant to hostilities."

Capital Bombed Again

Chungking was subjected to a third air raid on the evening of May 12, but the Japanese raiders concentrated their attention chiefly on Kiangpei on the north bank of the Kialing River, opposite Chungking proper. *Reuter* reported that "causalties were comparatively slight, only 300 persons being killed and wounded." In this raid, however, a godown belonging to William Hunt & Co was bombed and destroyed. Losses included $400,000 worth of fresh tobacco and several thousand dollars' worth of cigarette manufacturing machinery, a *United Press* report said. The Japanese *Domei* agency claimed that the raid had given the "final touch" to the aerial destruction of the Chiang Kai-shek capital.

As the Japanese naval air squadron moved into bombing formation over the city, the same agency reported, six Chinese planes of the Soviet I-15 type took off in two groups to engage them. One of the Chinese planes was immediately shot down in flames and the remaining five fled, the report said. The report continued as follows:

The Japanese Account

"At a signal from Lieut.-Commander Irisa, who dropped the first bombs, the Japanese pilots unloosed a hail of explosives on military establishments still intact. Military structures inside the city, arsenals, barracks on the north bank of the Kialing River which flows north of the city, and other establishments believed to be the last headquarters of the Nationalist authorities crumbled and blazed under showers of bursting steel. A virtual sea of flame and smoke was seen sweeping over part of the city. The raiders completed their thorough bombardment in leisurely fashion, unopposed by fighting craft and experiencing little hindrance in the ineffective, feeble bursts from archie batteries."

In a radio broadcast to Australia on May 9, Madame Chiang Kai-shek protested the Japanese aerial terror. "Air bombardment," she said, "is the most monstrous invention for mass murder of innocent civilians who are far removed from any actual battle front that this civilized age has produced, but it cannot win a war. At this moment, while I am speaking, I have in my nostrils the reek of bombed Chungking . . . Here has been committed wanton mass murder and incendiarism on a scale never before experienced or recorded, and such as I hope no other city in the world will ever have to experience . . ." Japanese bombers, she asserted, could spread death but never defeat.

A group of American educators in Chengtu, provincial capital of Szechwan, cabled an appeal to the Committee for Non-Participation in Japanese Aggression (in the United States) urging it to launch a campaign for money to aid in the relief of the victims of the Japanese air raids on Chungking.

Fearing air raids on Chengtu, the municipal authorities of that city have decided to use compulsory methods to get civilians to evacuate, *Kuo Min* reported May 12. All civilians able to bear their own costs of evacuation must leave the city by the end of this month. Others, for whom financial assistance and transportation facilities are to be provided, are to leave by June 15, the report said. All government offices in the city were to remove to places of safety adjacent to the city by the same date. The Provincial Government has decided to appropriate $300,000 for the construction of air defense works in Chengtu to be completed by June 15, the same agency reported.

On May 12, before the third air raid on Chungking which took place in the evening

Bombed But Carrying On

Photo by Mary Fei

The proprietor of this wine shop in Chungking, the front of which was blown in by a bomb, carries on business while his assistants pack remaining stock for removal.

of that day, the German Embassay advised its nationals to leave the provisional capital immediately. This was also according to *Kuo Min*.

Suggest Lanchow as Capital

A *Domei* report from Tokyo on May 10 said that the three principal leaders of the Communist Party, Chu Teh, Mao Tse-tung and Chou En-lai had addressed a note to the Supreme Defense Council advising transfer of the Chinese national capital to Lanchow, which is the provincial capital of Kansu, but this report was not confirmed.

Kinhua, provisional seat of the Chekiang Provincial Government, was bombed on May 10, when 279 houses were destroyed. *Kuo Min*, reporting the raid, did not state the number of casualities. On May 12, Ningpo was subjected to another air raid. Over 100 buildings, including a girls' school, were destroyed and ten persons killed. This was the seventh bombing raid on the Chekiang port city.

Swatow, Kwangtung seaport, was bombed again on May 14. The day previous, according to *Domei*, Japanese army planes bombed and destroyed a line of 70 military trucks operating southeast of Yungyun, north of Canton.

Kweiyang Devastated

As a result of recent Japanese air raids, more than 3,000 houses were destroyed in Kweiyang, capital of Kweichow, *Kuo Min* reported May 13, stating that 13,400 citizens had been rendered homeless and that almost the entire business section of the city was in ruins.

It has been revealed that in the recent Japanese air raid on Mokanshan, Chekiang summer resort, some damage was done to the Shanghai Municipal Council Sanitarium which consists of four bungalows valued at about $42,000. Ten or 12 bombs were dropped and several persons injured, but none killed, according to reports reaching Shanghai. The American Consulate-General here was said to be contemplating a protest on the Mokanshan raid on the ground that the life of an American citizen (Mr. E. W. Norwood, a relief worker) had been endangered, likewise American mission property.

Foochow was bombed again on Monday of this week, although the business sections of the city were already in ruins as a result of air raids during the previous two weeks. A Chungking message said that all factories and plants along the Fukien coast are being moved into the interior in anticipation of a possible Japanese landing. This evacuation of industry is reportedly being assisted by representatives of the Chinese National Industrial Cooperative Society.

Chungking Casualties 10,000

Six Japanese bombers raided Kian, southern Kiangsi, also on Monday of this week, according to a Chungking report. On the previous day Swatow, Kwangtung seaport, was bombed again, *Kuo Min* reported, ten persons being killed and scores of houses demolished. The raiders trained machine-gun fire along The Bund, causing additional casualties. Ningpo, Chekiang seaport, was also bombed, 104 houses being destroyed and many people killed or wounded.

The National Relief Commission in Chungking stated this week that 10,000 casualties were caused by the air raids on the provisional capital on May 3, 4 and 12. It is also reported that the warehouses of the Standard Vacuum Oil Company in the provisional capital were damaged in the May 12 raid, likewise the property of the Nanyang Brothers Tobacco Company.

France Said Fortifying On Frontier of Siam

France is busily engaged in constructing strong fortifications on the Indo-Chinese frontier contiguous to Siam, according to reports reaching Tokyo from Bangkok and said to be based on information gathered from Siamese sources, *Transocean* reported last week.

This intensified activity in the construction of fortifications, started less than two months ago, is said to have resulted in the marking off of a number of blocked areas down the left bank of Mekong river. Military exercises carried out by French troops have become a daily occurrence, it was stated.

An air base along with a wireless station has recently been erected in the neighborhood of the frontier town of Pakso. Big forces of troops have been massed in the town of Arisabon in Cambodia, the reports added.

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Pucheng	Chengchow	*Wanhsien*	Changsha
Santuau	Kaifeng (Nanyang)	Ipin	Changteh
Kulangtu	*LOYANG*	Yaan	*Hengyang*
CANTON	Sian	*Kiangtsing*	*Lingling*

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

April 29

Further gains claimed by the Chinese in Northern Kiangsi. Chinese vanguards alleged to have entered Nanchang, capital of Kiangsi, and engaged the Japanese in street fighting. Chungking military spokesman declared that the Chinese counter-offensive was not designed primarily to recapture Nanchang, but aimed at the frustration of the Japanese plans for an immediate offensive on Changsha, Hunan capital. Another value of the Chinese attack, he said, was that it had put to an end the rumor that the Chinese were seeking peace on Japanese terms. Japanese garrisons at two other Northern Kiangsi cities, Fenghsin and Wuning, reported encircled. Fenghsin claimed entered by the Chinese yesterday.

Chinese successes in Northern Kiangsu and in South Shansi along the Tungpu Railway also claimed.

Madame Chiang Kai-shek presented Gold Medal of Honor by the New York Federation of Women's Clubs as a tribute to her services for peace and welfare work. The medal, awarded last February, was received at Chungking recently through the Chinese Embassy at Washington.

***

April 30

Reports that the Chinese had recaptured Nanchang denied in Chungking; reports said to have been circulated by irresponsible quarters. Chinese military authorities declared that they had only announced that Chinese forces were converging on Nanchang and had reached the outskirts of the city, Fighting still raging in the suburbs of Nanchang, where the old airdrome has changed hands twice. The Chinese commander-in-chief on the Kiangsi front said personally directing the operations near Nanchang.

Thirty-two Japanese planes in four groups heavily bombed the Chekiang coast yesterday. The towns attacked included Wenchow, Haimen, Linghai and Huangyen. Many persons were killed and houses demolished in the four cities.

Chinese planes yesterday raided Japanese airdrome and headquarters at Yunchen in Southwest Shansi, on the Tungpu Railway, south of Anyi. They were engaged in combat by Japanese planes, one of which reported shot down.

Seven Japanese planes, attempting to raid Sian, Shensi capital, yesterday morning, were intercepted by Chinese pursuit craft abive Nancheng; as the result of an aerial engagement, two of the raiders allegedly shot down.

Japanese airdrome at Changteh in Honan reported raided by Chinese guerillas on April 16, setting fire to eight out of a dozen Japanese planes and carrying away some 20 Japanese guards as prisoners.

Dr. Paul Monroe, well-known American educator, who came to China to attend the annual meeting of the China Foundation for the Promotion of Education and Culture held in Hongkong, expressed himself as very optimistic about the future of China, in interview with **The China Press**, while leaving Shanghai on his way back to America. Dr. Monroe found the Chinese people united, cheerful and confident in their present struggle with the Japanese. Thought the Japanese getting weaker, "at least, financially."

Rumored in Shanghai that Wang Ching-wei, ousted Kuomintang politician, arrived at Shanghai yesterday aboard the Japanese warship, **Myoko**. Meanwhile, the Japanese **Domei** reported that Wang had definitely left his hide-out in Hanoi.

***

May 1

Gen. Chiang Kai-shek, in radio broadcast on occasion of the first day for the enforcement of the national spiritual mobilizatiin, appealed to all Chinese in Japanese-occupied areas in China to redouble their efforts to serve their country. The Generalissimo severely criticized the Chinese in Shanghai and Hongkong who indulged in gay night life and continually visited cabarets and amusement houses.

Powerful Chinese column launched a furious attack in the Japanese troops southeast of Nanchang in an effort to push into Nanchang proper. Severe fighting continuing near Nanchang.

Five hundred and four battles were fought in the last half of April and 31,665 Japanese troops were killed, according to official Chinese military reports. No fewer than 512 Japanese were taken, prisoners, the official statistics revealed. There were 135 battles fought in Shansi where 12,669 Japanese soldiers were killed, while 87 battles were waged in north Kiangsi where 6,847 Japanese were killed, the report said.

Fighting on the Han River front in Central Hupeh broke out again, with the Japanese at Chungtsiang attempting to cross the river and invade the west bank. Chinese positions in the West bank shelled by Japanese artillery during the past several days.

Two new Japanese-sponsored enterprises, the Hua Hsing Commercial Bank and the Central China Railway Company, each capitalized at $50,000,000 established at Shanghai. According to the Japanese **Domei** service, the new puppet bank was incorporated under the laws of the Nanking "Reformed Government" and will issue notes which will be freely convertible into foreign currency. Chen Chin-tao, puppet finance minister of Nanking, said head of the bank.

The Central China Railways Company, a subsidiary of the Japanese Central China Development Company, was formed on April 30. Asked by foreign correspondents whether the Nanking "Reformed Government" would service loans secured by the railway revenues in Central China, Japanese embassy spokesman at the press conference today declared, "Nanking can not be held responsible for loans made to Chungking." The new company will operate the Shanghai-Nanking, Shanghai-Hangchow, Nanking-Wuhu, Soochow-Kashing and Shanghai-Woosung lines.

Assistance to China urged by the Comintern in May Day proclamation issued in Moscow.

The suggestion that the Japanese military authorities were directly involved in the kidnaping of H. F. Dyott, Chairman of the Tientsin British Chamber of Commerce, late in March is contained in an article by W. V. Pennell, editor of the **Tientsin** and **Peking Times**, in the May number of **Oriental Affairs**, published today.

Notes of the puppet "Federal Reserve Bank" in North China continued to depreciate in relation to the Chinese national dollar. It now takes $133 "F.R.B." dollars to buy $100 national currency.

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Shanghai Industry on the Road to Recovery; New Plants Are Opening

RECONSTRUCTION of large areas of Shanghai destroyed in the early stages of the Sino-Japanese hostilities in August, 1937, has been steadily going on during the past year and gradually making inroads upon the industrial and commercial paralysis which resulted from the conflict. Estimated losses due to destruction involving all kinds of properties were totalled reliably at $844,400,000, equivalent to approximately U.S.$281,466,000. For months following the hostilities the local industry of Shanghai was at a complete standstill, as factories suspended operation and approximately 300,000 workers were thrown out of work.

From the early part of the year 1938, foreign-owned factories in the Eastern District were able to commence operations, though with restrictions as to the movement of their Chinese workers, according to the Annual Report on Industrial Conditions, issued by the Shanghai Municipal Council. Only one small Chinese-owned cotton mill had opened on terms permitted by the Japanese authorities.

Recovery Started in 1938

A marked recovery in industry generally was evidenced in the second half of 1938. In the area of the Settlement formerly the scene of hostilities, at the end of 1937, there were not more than a few hundred employees at work in industrial enterprises in the Eastern district. Two public utility enterprises, a dock and engineering works and part of one textile mill were in operation. At the end of 1938, a different employment picture is seen. Approximately 82,119 persons were employed in this area, including those employed in larger foreign enterprises. The Shanghai Power Company reported in the area "North of the Creek" 727 applications for new power connections, largely of small scale undertakings, in 1938. The majority of these are artificial silk weaving plants, using wooden looms, power driven, which could not be used by the Japanese for scrap-iron and were therefore unharmed in the hostilities. Machine shops otherwise constitute the greatest number of new small plants opening. A few owners of domestic properties in the Eastern district, which in the past have housed factories, have made applications in the office of the Building Surveyor for permits to make general restoration.

In those areas demolished during the hostilities by fire and shell, no industrial re-development for factory purposes has been reported. No attempt is observed on the part of Chinese industrialists to bring into the Eastern district any machinery of value. Six Chinese-owned cotton mills are being operated by Japanese mill-owners and some cigarette factories are also being worked by Japanese interests. Of formerly Chinese-owned and operated larger plants, one cotton mill, one rubber shoe, and one alcohol factory are working, presumably under the auspices of the Japanese authorities.

Nearly 3,000 Plants

In that area of the Settlement free from hostilities, there are now known 2,939 plants, employing some 96,002 workers in the Northern, Central and Western Districts, which escaped the damaging effects of hostilities. The Western District shows the greatest increase in plants being operated. The new plants have invaded the areas in this district between roads which have not previously been built, or have lined the future routes of as yet unmade roads.

In the Western Extra-Settlement Roads Area, public attention is at present being focussed upon the construction and re-opening of factories in the residential districts. A total of 241 plants, employing 5,796 persons are operating in the area South of Yu Yuen Road and West of Edinburgh Road. In the Kinnear Road area, also regarded as residential, there are 116 plants, employing 3,085 workers. In the area between Jessfield Road and Soochow Creek there are 321 plants employing 39,000 workers.

The predominant recovery industries re-emerging during the last half of 1938 have been cotton textiles, silk filatures, paper mills, enamelling plants, tanneries and cigarette factories. Tabulation is as follows:

New Factories Opened

Cotton Textiles—Seven new cotton spinning and weaving mills had either commenced operations or were under construction. Three of these are in the Extra-Settlement area and four in the Western District. One plant for the manufacture of rayon yarn is under construction. Many new textile plants, which do not spin yarn but either weave it, or dye cloth, have appeared. In the Western district there are three new weaving plants and three weaving and dyeing factories. In the Extra-Settlement Roads Area there are six large weaving plants.

Prior to hostilities it was common for weaving of cotton yarn to be done in large-scale enterprises; now the small-scale cotton-weaving plant has appeared in great numbers.

Silk filatures—A significant re-entry into the Shanghai area has been made by silk-reeling plants which in recent years had tended to move out into provincial cities. Now there are 43 filatures of which 35 are working, and all but two are in the two Western areas. One new silk spinning plant employing 800 workers formerly in Chapei has also opened.

Paper Mills—Four new paper mills in the Western District are reported. Two are already in operation and two are under construction.

Enamelling plants—Thirteen new enamelling plants, all but two of which are in the extra-Settlement roads area.

Tanneries—At least 60 tanneries known, all in the Extra-Settlement Area.

Cigarette Factories—In this industry, the situation prevalent 20 years ago is reappearing. Then many small plants sprung up, dangerous to life because congested with large numbers of workers. These gradually gave way to larger undertakings. The destruction of the latter induces a reappearance of the small plants, of which more than 30 are known.

No Slackening Evident

This year has evidenced no slackening of new industrial development in Shanghai. The Industrial Section of Shanghai Municipal Council reports that for the month of January this year, 314 smaller and 25 medium sized plants opened for operation.

In February, it was announced that some 300 new factories and workshops were opened or reopened. The most significant of these plants are a knitting factory, a spindlemaking factory, a glass factory, a hosiery plant, a silk-weaving plant and a thread factory. Applications for the approval of site of 15 plants were received in the Public Works Department, the largest proposed plant being a tobacco factory in the Western district. During March, 169 factories and workships had opened or reopened. Application for approval of the site of a paper mill was lodged. Last month among the new industrial plants for which building permits were sought were two larger dyeing works, an aerated water factory, a wool-spinning factory and two weaving factories.

Who's Who in China

Chang Wei-chiung, Government official; born at Teh-chang, Hsikang, 1886; after graduating from the Szechuan Primary Military School, he studied at the Shensi Military Academy; received his advanced training in the Paoting Military Academy and was graduated from the first class, specializing in infantry; entered army

張為炯字少楊
Chang Wei-chiung

service and served first as a commissioned officer of the lowest rank; after successive promotions, he became a brigadier-commander, chief of staff of the 24th Army, then counsellor of the Generalissimo's Headquarters and concurrently, member of the Planning Commission for Frontier Affairs; now Secretary-General of the Hsikang Provincial Government; participated in various revolutionary movements in China, notably the Revolution of 1911 and the campaigns against Yuan Shih-kai and Tsao Kun; devout believer in Buddhism which he considers to be the chief source of his moral strength; address: Hsikang Provincial Government, Kating (Tatsienlu), Hsikang.

U.S. Trade Paralyzed

Continued from page 381

to Puchi, Hupeh, while the military also operate the Lung Hai line between Hsuchow, Kiangsu, and Kaifeng, Honan.

Industry in Hankow is practically dormant, as no important factories have resumed operation in the Wuhan cities, with the exception of one large cigarette factory. Possibly 400,000 people have returned to the Wuhan cities, out of a former population 1,200,000, and the purchasing power of this population is practically "nil." In the Wuhan cities, official statistics indicate that 1,000 Japanese-operated retail shops have opened up, dealing only in Japanese goods. Japanese merchants have purchased a considerable amount of raw cotton, ramie and tung oil from stocks at hand at prices far below the Shanghai quotations, and have shipped this cargo under official cover without Customs formality.

The stagnation of all industry after the Japanese occupation of Hankow left little scope for financial and banking operations. The branch National City Bank of New York at Hankow has managed to keep its doors open for routine deposits and withdrawal transactions, but beyond this its normal banking business, which consisted of advancing funds for exports and imports to American businessmen, has been completely ended. The foreign exchange value of local currency has depreciated to nearly one-half of what it was a year ago.

New Fiat Currency

A new currency, "military yen," was introduced by the Japanese army after the occupation, but this money has never succeeded in achieving popularity, largely on account of the one way exchange, and also because of the inconvertibility of the new medium. This military script is used for all payments made by the Japanese military and naval forces for export goods, for supplies obtained for local use, for labor and for army and navy pay-rolls. These "military yen" notes, nominally valued by Japanese at the rate of Yen 1.00 to Yuan 1.25, have fluctuated in value from Yuan 1.17 down to Yuan 0.95.

The heavy drop was reportedly due to the forceful appropriation of cotton from Chinese merchants by the Japanese military, who paid the former in military scrip. The Chinese merchants, unwilling to retain this fiat currency, made a desperate effort to sell it, forcing the rate down to Yen 1.00 equals yuan 1.15. The current one-way system of exchange, whereby no Chinese currency can be obtained for yen, enables the Japanese banks to withdraw Chinese notes from circulation and send them to Shanghai, where they can be converted into foreign exchange at a premium of from 8 to 8¼ per cent, formerly 12 to 14 per cent, above the ratio prevailing at Hankow.

American businessmen in Hankow today are facing the indisputable fact that the Japanese military are determined to wipe out American business activity in Central China, as in North China. If there had been any doubt about this, it was dispelled with the development of the third phase of Japan's action in China, the period of the formation of monopolies for the control of communications and key industries for the purpose of further controlling the channels of trade and economic activity. The Central China Development Company, parallel to the North China Development Company, both heavily capitalized holding companies for the Japanese monopolies, have been functioning for many months. These are both directed by the Special Service Section of the Japanese Army, which also supports the various puppet regimes set up in occupied territory.

A subsidiary of the Central China Development Company, the Yangtsze River Steamship Company, aiming at a Japanese monopoly of all river trade between Shanghai and Yangtsze ports, was recently formed. Thus while issuing regular statements for American consumption, giving assurances of the "Open Door" policy in China, the Japanese have been steadily introducing machinery to seal the door shut as in Manchuria. Moreover, it has been revealed that they have been and are now attempting to persuade important manufacturers and exporters in the United States to turn over to Japanese their agencies for the China area, implying that otherwise trade cannot be carried on. Americans, however, are aware of the real intention back of this move, which is to gain a strangle-hold on American trade in China.

U. S. Chamber Protest

Besides the stringent control that has been extended to nearly all commercial activity, Americans and "other than Japanese residents" are forced to put up with petty restrictions and great personal inconveninces. The American Chamber of Commerce at Hankow on March 10 protested to the United States government against the Japanese violations of American rights in China, and particularly against Japanese restrictions on the movement of foreign ships and foreign nationals on the Yangtsze River.

It was pointed out that the Japanese refused to accept an American passport as identification and required all foreigners, including Americans, to register with Japanese offices and carry Japanese "dog tags." "Hampering restrictions have been placed on American and other foreign trade at the same time," the Hankow protest stated. "Japanese imports are offered for sale in Hankow freely, and Japanese exports to Japan move without interference." The Hankow Chamber of Commerce also urged the United States government to take stiff retaliatory measures against Japan.

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Men and Events

Dr. F. G. Halpern, specialist in psychopathology and mental hygiene, departed for the United States on vacation last Sunday.

•

Morris Edward Ashley, Briton, employee of the Shanghai Telephone Company, died at the General Hospital, on Friday, May 12, at the age of 46 years. He is survived by his wife and a son Peter Ashley, aged 12.

•

Mrs. C. Kuangson Young, wife of the Chinese Consul-General at Manila, was robbed of jewelry amounting to Pesos 40,000 (U. S. $20,000) on the night of May 12 when burglars broke into their home. Mrs. Young had only arrived in Manila from Europe a few days previously.

•

T. D. Chow, representative of the China Travel Service, who is now in Rangoon, Burma, announced on May 14, that his company was planning to construct six modern hotels between Kunming, capital of Yunnan, and Lashio, northern Burma. R. C. Chen, representative of the recently established branch of the Bank of China at Rangoon, stated that work has been started on the new railway which will connect Kunming with the Burma railway system.

•

Admiral Bristol Dies

Admiral Mark L. Bristol, Commander-in-Chief of the U. S. Asiatic Fleet during the period of the Chinese Nationalist Revolution, died at John Hopkins Hospital, Baltimore, on May 13. He was 71 years old. Prior to coming to China, Admiral Bristol had served as High Commissioner to Turkey, a post he held following the World War. During the war he commanded a squadron which convoyed U. S. troops to France. Later he was member of the International Armistice Commission in Belgium and a delegate to the Lausanne Conference. He retired in 1932 and has since been engaged in business in Washington. He is survived by his wife, Mrs. Bristol. As High Commissioner to Turkey, Admiral Bristol was the first to recognize the new Turkish government, following the world war, but particularly after the Young Turks had expelled the Greeks from Asia Minor. Admiral Bristol also exercised potent influence in bringing about American recognition of the National Government in China.

Dr. D. J. Collins, American dentist, accompanied by Mrs. Collins, has departed for the United States on vacation. Dr. Ashton Laidlaw will have charge of the office in Dr. Collins' absence.

•

Sr. Beniono Ramos, Filipino radical "Sakdalista" leader, who recently returned to Manila from long exile in Japan, was arrested on May 12 on a charge of embezzlement and illegal collection of funds, supposedly for political purposes.

•

Roberto Bey, of the Italian Consulate, will serve as Secretary of the Consular Body in the absence of E. A. Long, who is departing for the United States on leave. Mr. Long, accompanied by his wife and daughter, Frances, will visit his former home at Portland, Oregon, and then will make a tour of the United States.

•

Rear-Admiral W. A. Glassford, who will command the U. S. Yangtsze Patrol, is a passenger on the President Coolidge, scheduled to arrive in Shanghai on May 24. Admiral Glassford is accompanied by Mrs. Glassford. Rear Admiral J. M. Smeallie, accompanied by his wife and daughter, are also passengers on the Coolidge, bound for Manila where Admiral Smeallie will be stationed in future.

•

The Italian Consular Court, has rejected a claim of the Chinese Fah Doong Engineering Company against an Italian ship owner named G. F. Righini for the sum of $40,000. The claim concerned payment for a ship which was registered in the Italian Consulate. The ship was sunk at the beginning of hostilities, later was refloated, and had changed hands several times but always retained Italian protection. The Court ruled that there were no obligations involving the defendant, specified in the contract. Although not stated in the report, the Chinese-owned ship apparently had been handed over to the Italian at the beginning of the war to avoid Japanese seizure.

The Japanese have withdrawn from the Davis Cup tennis match, the reason being that Japan's best player, Jiro Yamagashi, has just entered a naval school for military training. As a result, the victor in the Cuba-Canada contest, who was scheduled to play against the Japanese team, will now be available for the North American finals.

•

Wen Shih-tsun, recently appointed puppet mayor of Tientsin, was once well known in Shanghai as the Commissioner of Foreign Affairs at Nanking. As he had been associated with the Kiangsu Military Governor, Chi Hsieh-yuan, he went to Manchuria following the Nationalist revolution in 1927 and resided there until the outbreak of hostilities at Peiping in 1937, when he accepted a post in the Customs at Tientsin.

•

The Chinese paper, *Wen Hui Pao*, reported that Chinese guerrillas, operating along the Shanghai-Wusih highway, on May 4, had seized and burned a truck load of cigarettes which were being shipped by the Ta Tze (Great Fortune) Transportation Company, a Japanese concern. The truck-driver and a Japanese guard were taken away. A Chinese truck, seized at the same time, was permitted to proceed when it was found the cargo consisted of Chinese merchandise. The guerrillas warned the driver of the Chinese truck that no trucks carrying Japanese goods would be permitted to use the highway.

•

The Manchukuo Government is planning the early enactment of a conscription law, according to a report in the *Yomiuri Shimbun*. The conscription law will be part of a broader measure embracing a national "labor service system." According to a summary of the new law, all youths must serve in one or other of the services—military or labor—for a period ranging from two to three years. After completing the term of service all youths will be incorporated into a unified national mobilization corps. According to the report, the new program will embrace the "best in the Japanese and German conscription systems."

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Among passengers who embarked on the California Clipper at Manila on May 13, was Tsang Chin, who stated he was proceeding to San Francisco. Mr. Tsang is a resident of Shanghai. The plane, which has space for 74 passengers, carried a "capacity" load on the trip, according to the report.

•

Miss Cassie Lee Oliver and the Rev. A. A. Talbot, both members of the Southern Presbyterian Mission at Tsingkiangpu, Northern Kiangsu were married on Wednesday, May 10, at the home of Mrs. Raymond Womeldorf and Mrs. Russel Woods, 20 Route Pottier, French Concession. The Rev. J. R. Graham, also of Tsingkiangpu, pronounced the ceremony.

•

Joseph Clark Grew, U. S. Ambassador to to Japan, who is scheduled to sail for the United States on May 19 for a conference with President Roosevelt, held a prolonged conversation with Foreign Minister Hachiro Arita on Thursday of this week. According to *Domei*, the American Ambassador "sought speedier solution of various questions pending between the United States and China in connection with the Sino-Japanese conflict." Mr. Grew is scheduled to return to Japan in September.

The National Child Welfare Association of China, at its recent meeting in Shanghai, observed three minutes of silence as a mark of respect for the late Dr. Anne Walter Fearn, former resident of Shanghai, who died at Berkeley, California on April 28.

•

According to *United Press* report from Hankow on May 6, the new opium monopoly created in that city by the Japanese Army, has announced that opium may now be sold in unlimited quantities. The opium monopoly will be controlled by the Opium Suppression Bureau of the Wuhan Special Municipal Government, a puppet organization. All smokers must pay a fee to be registered, but there are no restrictions on the amount of opium consumed. The prices announced by the monopoly are as follows: Monopoly to wholesalers, $16 an ounce; wholesalers to retailers, $17 an ounce; retailers to smokers, $17.40 an ounce. There are eight licensed opium firms and 21 retail shops in the city. Capital stock of the monopoly organization, largely held by Japanese, is Yen 400,000. It will pay a monthly "certificate" fee to the municipality of Yen 3,000. Smokers will be restricted to "Monopoly" opium and must also pay a small fee for the registration of their "lamps."

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Vice-Admiral Sir Percy Noble has been reappointed to the post of Commander-in-Chief of the China Station on promotion, *Reuter* reported from London May 7.

•

American residents of both Chungking and Chengtu have sent appeals to the United States for assistance for Chinese refugees from the Japanese bombing raids in Chungking.

•

J. W. Carney, assistant general manager of Standard-Vacuum Oil Company, has been appointed a member of the Municipal Council of the International Settlement in place of A. C. Cornish, also an official of the Standard-Vacuum company, who has gone home on leave.

•

R. E. O'Bolger, manager in China for the Eastman Kodak Company, and President of the American Chamber of Commerce, is departing shortly on a trip to the United States. He will be accompanied by Mrs. O'Bolger and their two children.

•

A. B. Henningsen, manager of Getz Bros. and Company, importers and agents, is departing shortly for the United States on business. J. Berents will serve as assistant manager of the Shanghai office in Mr. Henningsen's absence. Mr. Henningsen is a member of the Board of the American Chamber of Commerce and American Association.

•

Paul V. McNutt, High Commissioner to the Philippines, who passed through Shanghai on Monday of this week on a trip to North China, including stops at Tsingtao, Chefoo and Chinwangtao, will return here on the transport Chaumont and will spend several days here prior to proceeding to the United States. Mr. McNutt is accompanied by Mrs. McNutt and their daughter.

•

The Japanese Government will send 17,000 Japanese youths to China, Inner Mongolia and Manchuria this year to engage in volunteer labor services, according to a report in the *Asahi Shimbun*, Tokyo. The groups will be known as the "Asiatic Construction Young Men's Labor Service Corps," and will be selected by prefectual governors throughout Japan, preference being given to members of young men's associations and students of universities, colleges, high schools and normal schools.

•

The Japanese will send four delegates to the Ninth Pan-Pacific Scientific Conference scheduled to be held in San Francisco for a period of one month beginning on July 20. The Japanese delegates will be Dr. Shinkishi, professor emeritus of Tohoku Imperial University; Dr. Akitsune Imamura, member of Japan Academy and authority on Seismology; Dr. Motonori Matsuyama, professor of Kyoto Imperial University and Dr. Koji Hidaka, engineer with the Meteorological Observatory.

•

An exhibition of Chinese paintings by the modern artist Tsiang Jen, was opened in Paris on May 13 under the auspices of the China Cultural Mission in France and Belgium. Among those present at the opening were Madame V. K. Wellington Koo, wife of the Chinese Ambassador; M. Landowsky, Director of Ecole de Beaux Arts; M. Henri Bonnet, Director of the International Institute of Intellectual Co-operation; Dr. C. K. Sie, former dean of the Arts Department of Nanking University; Schie Ton-fan, Counsellor of the Chinese Embassy.

The American University Club will give a dinner in honor of Admiral and Mrs. H. E. Yarnell, on Friday evening, May 19, at the American Club. Reservations up to Wednesday of this week had exceeded 200. Admiral Yarnell is returning to Washington after extended service as Commander-in-Chief of the U..S. Asiatic Squadron.

•

According to a test vote of the students at the University of Texas on outstanding candidates for President of the United States, Paul V. McNutt, at present High Commissioner to the Philippines, received the highest vote or 17.7 per cent of the total votes cast by the collegians. Next was Thomas E. Dewey, New York District Attorney, with 15.6 per cent. John Garner, Vice-President, followed with 9.7 per cent of the votes. Secretary of State Cordell Hull was last with 8.3 per cent of the votes cast. Another test vote among 50 newspaper correspondents in Washington, indicated a 2 to 1 forecast that the Republicans would win the next election. Among the potential candidates, John N. Garner and James A. Farley were the selections for President and Vice-President on the Democratic side, and Thomas E. Dewey and Robert A. Taft on the Republican side. Other favorites on the Republican side were Arthur A. Vandenberg, John W. Bricker, Bruce Barton, Arthur H. James. On the Democratic side other favorites were Cordell Hull, William O. Douglas, Bennett C. Clark, Paul V. McNutt, Joseph P. Kennedy, Alben Barkley, Stanley Reed, Frank Murphy.

Walter Norman Russell, American civilian employed by the U. S. Navy Purchasing Office in Shanghai was found guilty in the U. S. Court on a charge of assaulting a Chinese chauffeur with a deadly weapon and illegally carrying a concealed weapon. The case was tried before Judge Milton J. Helmick on May 12. He was defended by H. D. Rodger with District Attorney Leighton Shields handling the prosecution. On the first count Russell was sentenced to three years' imprisonment at McNeill's Island, with suspended sentence for five years on good behavior. On the second count he was sentenced to six months in Ward Road jail and a fine of of U.S.$100.

•

Miss Frances Perkins, Secretary of Labor in President Roosevelt's cabinet, has ordered a prompt hearing of the case of Harry Bridges, West Coast C. I. O. leader, and eleven other cases involving the communist issue. The cases will be carried to the U. S. Supreme Court and will settle the issue whether membership in the Communist Party is a deportable offense. Several weeks ago impeachment proceedings were brought in the House of Representatives against Miss Perkins on the ground that she had postponed legal action against Harry Bridges, who was born in Australia. The impeachment charge against Miss Perkins was unanimously rejected by the House of Representatives. Bridges has lived in the United States for many years and on two occasions took out his first papers, but never completed his citizenship. Recently he took out his first papers again.

How To Recover Lost Appetite.

Loss of appetite is a sure indication that there is some upset in your system, and unless biliousness is the cause, it is most probably due to impoverishment of the blood, for it is from the blood that the digestive organs derive nourishment and the strength to perform their vital functions.

Loss of appetite is usually accompanied by digestive disorders, flatulence, headache, weariness of the limbs, lack of energy, depressed spirits and disturbed sleep.

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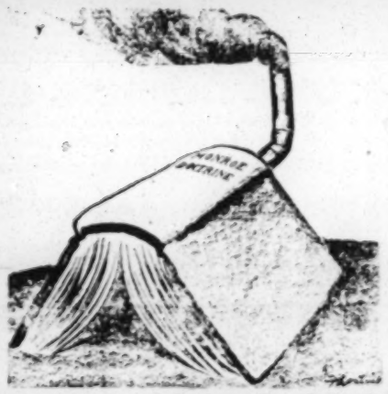
New Books of Interest in the Far East

Pan-American Union

THE GOOD NEIGHBORS: THE STORY OF THE TWO AMERICAS—By Delia Goetz and Varian Fry. Illustrated. Headline Book No. 17. N. Y. Foreign Policy Association, 1939. 96 pages U. S. $0.25.

This Headline Book from the Popular Education Department of the Foreign Policy Association gives a review of the relations between the United States and the Latin American countries. The first steps in United States policy are shown to be developments of the international history of the nineteenth century—the Monroe doctorine and the Pan-American Movement. The authors show how events

Showing Signs of Life



St. Louis Post-Dispatch

of the pre-war period and German propaganda during the war made it necessary to foster a new spirit in the western hemisphere. Recent points discussed are the Mexican confiscation of the property of foreign oil companies, the penetration of Fascist and Nazi ideas, the campaign for new markets in Latin America. The authors see a new cycle starting in the relations of the two Americas, with continental solidarity and community of ideals things of the past. R.

Change and Contrast

BRAVE NEW CHINA—By Lady Hosie. Illustrated. London, Hodder and Stoughton, 1938. 251 pages. 12/6d.

The extremes of "New China" which are to be found in a book such as the recent *Inside Red China* by Nym Wales, will not be found in Lady Hosie's more contemplative and delicate volume. Lady Hosie's book is filled with a reminiscent flavor—the change and contrast which a sympathetic old friend would find. Much of the book deals with conditions in places revisited, where western influences have been strong, and where old friends form a direct link with the past. For this reason one does not feel the vigor of movement which is found in some recent books on China.

Perhaps Lady Hosie's literary style is a partial explanation for this. A literary preoccupation is apparent.

Lady Hosie's journeys of 1936-1937 take her through Canton, Shanghai, Peking, Hankow, up the Yangtsze to Szechwan, pilgrimages up the mountains of Taishan and Omei. Upon her past experience of China she has built up the changes which she observed—changes in education, point of view, in home life, in the marriage relationship, in the awakening of the people, in the growing power of the Christian life, in the material progress along many lines. Upon this encouraging progress and upon the rapidly developing unity of China rained the Japanese assault. Lady Hosie has made her book a book of remembrance, a book which seeks to find the source of China's courage and endurance since the summer of 1937. This she finds not only in China's tradition, but also in the present leadership and the racial gifts of the people themselves.

The map which shows Lady Hosie's journeys and the excellent photographs add considerably to the value of the book. F.M.R.

The Japanese in China

JAPANESE TERROR IN CHINA.—By H. J. Timperley. Modern Age Books, New York. 75 cents.

THE WAR CONDUCT OF THE JAPANESE.—By Shuhsi Hsu. Prepared under the auspices of the Council of International Affairs.

JAPANESE AGGRESSION AND THE LEAGUE OF NATIONS, V, 1938.—Published by the Press Bureau of the Chinese Delegation, Geneva.

CHINA POST—Letters in Peace and War from Barbara Simpson. Edinburgh House Press, London. 1/—

All four of these books are greatly alike, and the material included is too well-known to people in China for extended review. Mr. Timperley's book is a documented report of materials the censors refused to allow him to send to his newspaper, the *Manchester Guardian*, stories of robbery, murder, rape, bombing and other organized destruction of the civilian population and cultural institutions of China by the Japanese forces operating here. Dr. Hsu includes much of the same material, together with principles of international law and the attitudes taken by the Western powers when Japan infringed on their interests.

The report of statements before the League of Nations is also documentary, telling of similar activity, with the addition of the drug traffic sponsored by the Japanese in China.

Miss Simpson's book is a collection of letters she wrote from her mission station in Changsha, up through the burning of that city in December last. Two points stand out: the deliberate attempt of Japanese aviators to bomb and machine-gun civilians and cultural institutions; and the resurgence of faith and hope on the part of the Chinese refugees who have been despoiled of their homes and livelihood. The plain statements of fact in Miss Simpson's letters will make the reader gasp at the barbaric ruthlessness of the Japanese in China. T. T.

Canada and the War

WAR IN CHINA: WHAT IT MEANS TO CANADA—By A. M. Stephen. Published by the China Aid Council and the National Salvation League. Vancouver, B.C. 1939.

"As Canadians we have a stake in China and in the future of the Pacific area." This thesis underlies the appeal of this pamphlet, not only to Canadians, but to all concerned in independence and democracy. The author outlines Japan's aggression after the seizure of Manchuria, the Japanese arguments for these violations, the development of Japanese-controlled copper mines and timber lands in western Canada, and recent metal exports to Canada. The pamphlet closes with a plea for an embargo against Japanese goods and the stoppage of war supplies to Japan. F.

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Russian Emigre Held By Japanese Military

A Russian emigre named A. Schegloff has been detained in a military prison in the Hongkew section by the Japanese military authorities for more than five weeks, according to a report published in *The China Press*. The Russian was arrested with two other Russians, V. V. Borisovsky, watchman employed by the China Export and Import Lumber Company, and A. A. Koulinich of the A. A. Reyer Company, and charged with permitting Chinese guerrillas to land on the Yangtszepoo shore from Pootung. According to the police the report had no foundation.

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Defense of U.S. Trade

(*Continued from Page 383*)

in the occupied districts in North China. As regards wheat flour, the Japanese are systematically encouraging and arbitrarily favoring imports of Japanese flour. Prior to the present Sino-Japanese war, Nipponese flour was of no consequence in the Chinese markets. American wheat flour met only with Canadian and Australian competition.

Today, Japanese flour has conquered a large part of the North China market. In Tientsin, as early as last year, imports of Japanese wheat flour were larger than flour imported from any other country, without taking into account imports on behalf of the Nipponese fighting forces in North China. In the case of tobacco, the Japanese are endeavoring to win over the Chinese poorer classes to smoke specially manufactured Japanese cigarettes which are doped with opium or heroin. Large quantities of such Japanese cigarettes are at present on sale in the Yangtsze Valley

Potential Free Market

The larger part of China has not yet been conquered by the Japanese, and potentially remains a free market for the United States. Japanese control of most of China's sea ports, however, is restricting access to the market. In motor vehicles and airplanes only, which latter are not being listed in the Chinese Customs trade returns, the bulk of American exports to China is going to the areas under Chinese National Government control. Of American agricultural produce, on the other hand, practically 100 per cent goes to ports in the Nippon-occupied areas, and so do two-thirds of the American oil products as well as of the remainder of the United States' exports to China.

In these circumstances, the United States' interest in maintaining free access for American goods into the new Japanese sphere of power, and in bringing about the abolition of arbitrary restrictions imposed upon the importation of these goods, is obvious. In this direction, the maintenance of the special position of the International Settlement and the French Concession in Shanghai, as well as of the British and French Concessions in Tientsin, is of special importance to America's China trade. It is via these foreign-administered territories in the two chief China ports that nine-tenths of American exports to Japanese-controlled China are now entering the country. If it were not for the continued existence of settlements and concessions, American goods at present would be practically excluded from Nippon-controlled China.

Newsmen Have Narrow Escapes in Chungking

Tilman Durdin, former editor of *The China Press*, and now correspondent for *The New York Times* at Chungking, Miss Mary Fei, Chinese news photographer, also from Shanghai, and C. Y. W. Meng, correspondent for *The China Weekly Review* at Chungking all had narrow escapes from Japanese bombs. Miss Fei and Mr. Durdin were only 30 yards distant from the place where a 300 pound bomb dropped and killed a large number of people. Mr. Meng's house was destroyed with all its contents, according to a letter received by his wife in Shanghai last week. A group of Frenchmen, including Michael Breal, Far Eastern Manager of *Havas* agency also had a narrow escape from death, but not from Japanese bombs. In company with a number of other Frenchmen, and two Belgians, M. Negre, French Charge d'Affaires; M. Louis Scheyven, former Belgian Charge d'Affaires; M. de San, Belgian Charge d'Affaires; Roger Peirard, Chungking correspondent for *Havas*, they were crossing the Yangtsze in a boat when it was struck by a steamer and cut in two. They were picked up by the crew of a Chinese junk.

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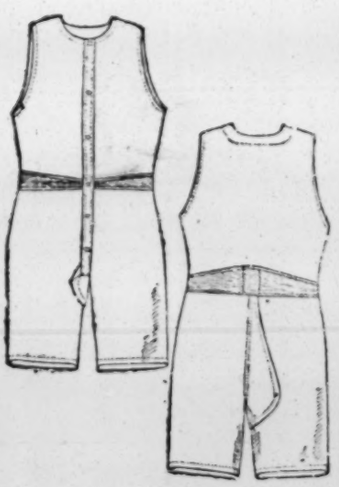

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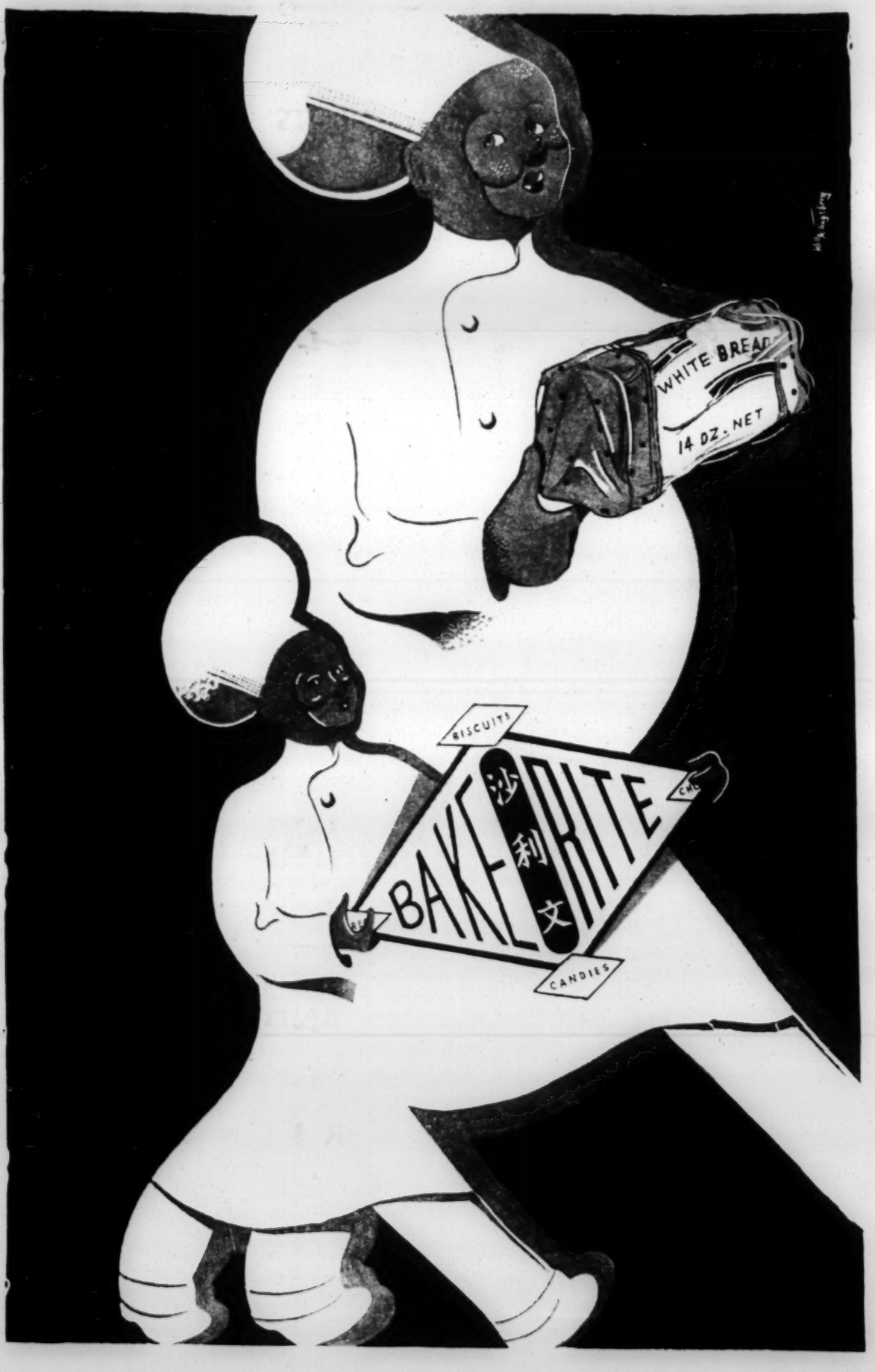
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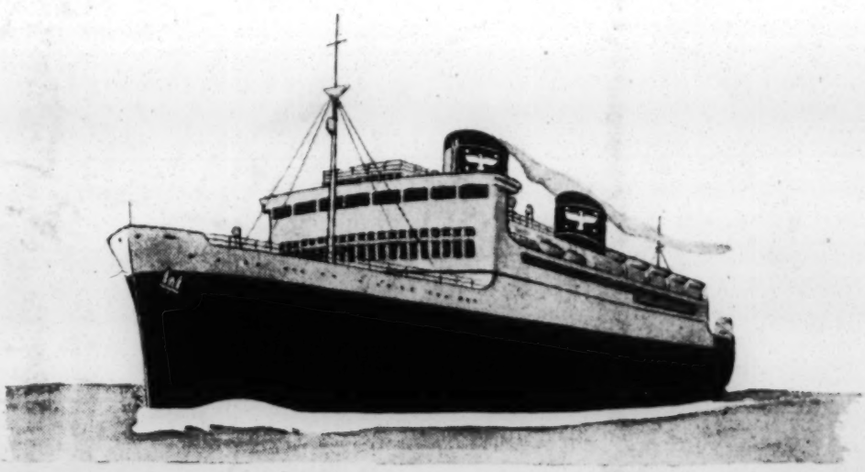

AMERICAN PRESIDENT LINES

51 Canton Road, Shanghai Tel. 15309

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